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Investors Need A War-Time Stay In The Execution Of The Utility Act "Death Sentence"

By CHARLES A. O'NEIL

The preamble of the Public Utility Act of 1935 starts by reciting that "Public-utility holding companies and their subsidiary companies are affected with a national public interest in that, among other things, (1) their securities are widely marketed and distributed by means of the mails and instrumentalities of interstate commerce and are sold to a large number of investors in different States . . ."

And immediately following, the corner-stone is laid by the statement that "it is hereby declared that the national public interest, the interest of investors in the securities of holding companies and their subsidiary companies and affiliates, and the interest of consumers of electric energy and natural and manufactured gas are or may be adversely affected" by a list of so-called "abuses" none of which could arise today, and none of which points even vaguely in the direction of the "death sentence."

Charles A. O'Neil

Thus investors were prominent in the mind of Congress from the very inception of the Act. It is fitting, therefore, that investors

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For index see page 1220.

Post-War Trust Investment Policies

By O. M. W. SPRAGUE

Professor of Banking and Finance. Graduate School of Business Administration, Harvard University

A warning of the possibility of a post-war inflation and its aftermath—"a precipitate decline of prices"—was sounded by O. M. W. Sprague, Professor of Banking and Finance, Graduate School of Business Administration, Harvard University, at the Trust Division session of the War Service Meeting of the American Bankers Association in New York last week.

Dr. Sprague predicted that, if inflation comes, the market for government bonds will hold up better than any other class of securities. He advised administrators of trust accounts who operate under the Prudent investment Rule and whose portfolios "will doubtless include various issues which appreciate under the impact of inflation," to take profits on such issues if inflation comes, "more generally than has been the practice in the past."

O. M. W. Sprague

Discussing events which he believes may lead to post-war inflation, Dr. Sprague declared:

"Unlike the pre-war period, ownership in the expended currency and demand deposits is widespread throughout the community and a large fraction of the government securities issued during the war contain security for their redemption at par on demand. Here we have the purchasing power for an intense demand for a far greater quantity of civilian goods and services than will be available for many months after the return of peace.

"Patriotic restraints will be weaker than now and it may be

(Continued on page 1212)

AMERICAN BANKERS ASSOCIATION HOLDS 69th ANNUAL CONVENTION

A. L. M. Wiggins Elected President at War Service Meeting in New York; Other Officers and Division Officials Chosen at ABA Sessions

A. Lee M. Wiggins, president of the Bank of Hartsville, Hartsville, South Carolina, was elected president of the American Bankers Association at the 69th annual convention held in New York City, September 13th through 15th. Mr. Wiggins succeeds W. L. Hemingway, president of the Mercantile-Commerce Bank and Trust Company of St. Louis as head of the ABA.

A. L. M. Wiggins

W. R. Burgess

Wilmer J. Waller

Other officers elected at the ABA meeting, stream-lined this year because of the war, are: W. Randolph Burgess, vice-chairman of the board of the National City Bank of New York, vice-president. Wilmer J. Waller, president of the Hamilton National Bank of Washington, D. C., was chosen treasurer of the Association.

The conference of the American Bankers Association this year had a triple theme, war finance and the domestic economy; inter-American fiscal policy; and international fiscal policy. (Reports of speeches at the meeting by prominent figures in international and national finance will be found elsewhere in the Chronicle, which regrets that because of space limitations it is not possible to include all in this issue. It is hoped that in future issues it will be possible to print these also, since they likewise constitute a valuable contribution to the study of problems of post-war banking and finance.)

Annual meetings of the Association's committees and commissions were held on Sunday, September

(Continued on page 1217)

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Bankers Must Lend Wise Counsel To Create Post-War Economy

Government War Financing and Its Effect On Our Economy Discussed

By ROBERT STRICKLAND

President of Trust Company of Georgia, Atlanta, Ga.

"That the American Bankers Association not only has a greater responsibility for the successful financing of the war than any other single group in private enterprise," was the statement made by Robert Strickland, President of the Trust Co. of Georgia, Atlanta, Ga., at the Association's War Service meeting. "It has," he said, "a larger duty to assume the initiative in devising a long-range fiscal policy for both the war and post-war period in order to assure our continuing national solvency." "Pursuant to this responsibility," Mr. Brand went on to say, "it must give unrestricted support to the Treasury in the current and in future war loans, and on all occasions advise as to the wisest, most economical and safest course of financing to be pursued, without regard to any selfish interest of the banking system. In the midst of a plethora of post-war planning for spending and borrowing its authoritative voice must be raised for earning, saving and paying. If the United States cannot plan for the preservation and solvency of its own post-war economy, it cannot pretend to assume the salvation of the world." He urged that bankers must give wise counsel to create a sound economic atmosphere, and that they must aid in bringing home to every American an understanding of what the future debt, which he estimated will reach a peak of over $300,000,000,000, means in future American life.

Robert Strickland

"With more than one-third of our citizens as direct owners of government obligations, and countless other millions indirect owners as holders of life insurance policies, of bank deposits, and other evidences of participation and ownership, it is necessary," he pointed out, "that there

(Continued on page 1202)

Longer-Term Market Trend Seems Up

On balance, the list gained ground during yesterday's session but the performance was far from uniform. The strongest group action was rendered by the rails, partly on the premise that they had been temporarily oversold and partly in the expectation of favorable dividend developments in connection with several members. Events during the day were closely watched in the war spheres and in Washington. Some improvement in the American position in the Salerno district of Italy was noted as was further progress by the Russian forces in their remarkably successful drive to date.

It is our impression that accumulation is continuing in leisurely fashion in many deserving sections of the list. We refer particularly to those fields in which post-war prospects seem outstandingly bright in view of the pent-up demand that is being created during the war years. A recent appraisal of the outlook of the building industry forecasts a need for building units of approximately one million units a year for the decade following the war's end. It is obvious that the fulfillment of any such building program would bring years of extraordinary activity and profits to the many corporations identified with this important industry. Building material and household furnishings of all types would be required and their prosperity would, if precedent is followed, spread widely through the national economy.

Another highly important peace beneficiary promises to be the automobile industry. It has been estimated that this field may enjoy five years of record production. Automobile and truck manufacturers would be outstanding beneficiaries with innumerable accessory concerns enjoying the largest business in their peace-time history. The vast accumulation of savings in the hands of our citizens clearly indicates an ability to satisfy demands that are now being built up in these directions.

Major movements naturally require more than incidental news for sustenance. Fundamental factors remain in our opinion constructive. Thanks to an expansion in volume, industry profits for the first half of this year recorded gains both before and after taxes. Of the three major groups, the railroads recorded the largest improvement after taxes, the industrials the next sizable expansion, while the utilities registered the smallest gain. Results during the second half of this year seem likely to continue quite satisfactory notwithstanding the heavy tax load that must be borne. In view of this prospect and in consideration of the longer-term business outlook, we can see little danger of the market's major trend changing. Naturally, interruptions will occur intermittently such as the mid-summer reactionary phase, but during the progress of such corrective movements one should not lose sight of the broader market picture.—*J. S. Bache & Co. (Sept. 16-17).*

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Cleve. Traders Elect; Announce Annual Party

CLEVELAND, OHIO — L. L. Longdon, Chairman of the election committee, announces at the annual election of officers of the Cleveland Security Traders Association for the 1943-44 term, the following candidates were elected: President, Corwin L. Liston, Prescott & Co.; Vice-President, Richard A. Gottron, Gillis, Russell & Co.; Secretary, Walter J. Carey, Robbins, Gunn & Co.; Treasurer, Arthur V. Grace, Cunningham & Co.

Corwin L. Liston

The annual election party of the Association will be held on Friday, Oct. 1, at the University Club, 3813 Euclid Avenue. Dinner will be at 7:30 p. m., preceded by a ball game with Larry Denison's nine. Free beer will be served to members and guests during the game and after. Dinner for guests will be three dollars per plate; no charge for members.

Reservations for the party should be made with James N. Russell, Gillis, Russell & Co.; Everett A. King, Maynard H. Murch & Co.; George Huberty, Jr., Goodbody & Co., or Harry Gawne, Merrill, Turben & Co.

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George L. White Is With Hicks & Price

(Special to The Financial Chronicle)

CHICAGO, ILL. — George L. White has become associated with Hicks & Price, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. White was formerly head of George L. White & Co., Chicago investment firm.

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Lord, Abbett & Co., Inc., 63 Wall Street, New York City, announce the appointment of Ben A. Rudolph as Southern representative with headquarters in Atlanta, Ga., in the Citizens and Southern Building. Mr. Rudolph was formerly associated with Johnson, Lane, Space & Co., Inc., of Atlanta.

Thomas J. Doyle Is Now With Ward & Co.

Thomas J. Doyle, formerly connected with Hughes & Treat, New York, and Hall, Cherry, Wheeler & Co., Buffalo, is now associated with Ward & Co., 120 Broadway, New York City, in their statistical and research departments.

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Wm. C. Roney & Co. To Be NYSE Members

DETROIT, MICH.—Wm. C. Roney & Co., Buhl Building, members of the Detroit Stock Exchange, will become members of the New York Stock Exchange as of Sept. 30, when Wm. C. Roney acquires the Exchange membership of John P. Lein of John P. Lein & Co.

Partners of Wm. C. Roney & Co. are: Wm. C. Roney, Clyde L. Hagerman, J. Edward Roney, Andrew C. Reid, general partners, and W. A. John and Joseph L. Hickey (trustee), special partners.

Edward Nadeau With Bache Co. In Detroit

(Special to The Financial Chronicle)

DETROIT, MICH.—Edward A. Nadeau has become associated with J. S. Bache & Co., Penobscot Building. Mr. Nadeau was previously with Bliss Bowman & Co. and C. G. McDonald & Co. In the past he was manager of the trading department for Marquardt, Wilson & Co. and was Detroit manager for Avery & Co.

Arthur Carroll With Hemphill, Noyes & Co.

PHILADELPHIA, PA.—Arthur W. Carroll has become associated with Hemphill, Noyes & Co., Fidelity-Philadelphia Trust Building, as Manager of the Municipal Bond Department. Mr. Carroll in the past was connected with Van Alstyne, Noel & Co. in Philadelphia.

Forming Wm. Fisher & Co.

William Fisher & Co., members of the New York Stock Exchange, will be formed with offices at 120 Broadway, New York City, on Oct. 1. Partners will be William Fisher and Warren E. Fisher, both Exchange members, who have been doing business as individual floor brokers.

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Paternalism In Government Should Be Abolished

Development of Trade with Latin America Urged

By W. L. HEMINGWAY

Retiring President American Bankers Association and President of Mercantile-Commerce Bank & Trust Co., St. Louis, Mo.

"The necessity for the abolition of paternalism in Government" was stressed by W. L. Hemingway, in his address as President at the War Service meeting of the American Bankers' Association. Mr. Hemingway, who is President of the Mercantile-Commerce Bank & Trust Co. of St. Louis, noted that "from the very beginning of our national life restrictions have been placed about the authority of our elected officials," but that "recently we have seen practically unlimited powers given to the Executive Department on the ground that they are necessary to meet the emergency." "Granted that this be true," he added, "it should be so only during the emergency."

W. L. Hemingway

"Among other things, Mr. Hemingway remarked that "no one can argue successfully that we need more money in circulation." He pointed out that "the currency outstanding exceeds 18 billions of dollars, whereas in the boom year of 1929 it was less than 5 billions. He further said that "bank deposits today are more than 88 billions as against 56 billions in 1929." Presenting the question as to "what excuse can there be then after the war for further Government spending to make work and put money in the hands of the people." Mr. Hemingway advised that "if public works are needed after the war, let them be provided by local governments—State and Municipal."

In submitting his report as President in three parts, Mr. Hemingway in his second portion referred to our Latin-American relations; he observed that "generally speaking, our foreign policy has followed a rather consistent pattern from the beginning, . . . But under the present administration those irritants that were present in our relations with

(Continued on page 1206)

Peace Is Bullish

If the recent market sell-off which was precipitated by the fall of Mussolini represented "fear" of an early peace, that fear seems wholly illogical. Both logic and the pattern of World War I indicate that peace is bullish, not bearish, and that it is on the forces of construction rather than on those of destruction that sound securities values must be built.

Frankly, our fear is that peace will not come nearly so soon as the more optimistically inclined believe, but, whether it comes sooner or later, it should be welcomed not only from the humanitarian but from the business standpoint.

For the purpose of this discussion we will assume that victory is practically as close as it was in early 1918. In the spring of that year it became apparent that victory for the Allies was in sight. During the balance of 1918 and almost all of 1919 the stock market moved forward strongly, this upward movement having been punctuated only by a brief and not particularly severe drop im-

(Continued on page 1216)

Boston Traders To Hold Annual Meeting

BOSTON, MASS.—The Boston Securities Traders Association will hold their annual meeting at the University Club, 40 Trinity Place, on Tuesday, September 28th, at 5 p.m. Checks to cover the charge of $1.75 should be mailed promptly to the Treasurer.

The committee in charge of the annual meeting are: G. Carlton Jordan, R. W. Pressprich & Co., Chairman; Harry O. Baker, Boston Safe Deposit & Trust Co.; Paul Monroe, Hunnewell & Co.; Lester Doucet, Salomon Bros. & Hutzler, and James J. Lynch, Shea & Co.

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Ins. Stock Attractive

The current situation in the Baltimore American Insurance Company of New York, whose capital stock is selling in an attractive low-price range, offers interesting possibilities according to a circular being distributed by Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. Copies of the circular, discussing the situation in detail may be had upon request from Butler-Huff & Co.

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Rock Island Interesting

Raymond & Co., 148 State St., Boston, Mass., have prepared an interesting discussion of the reorganization plan proposed for the Rock Island with particular reference to this railroad's general 4s of 1988 and the first refunding 4s of 1934. Copies of this memorandum may be had upon request.

Elected Directors

Ben Abrams, President of Emerson Radio & Phonograph Corp., announced that Ferdinand Eberstadt of F. Eberstadt & Co., and Richard C. Hunt of Chadbourne, Hunt, Jaeckel & Brown, have been elected as directors of Emerson. Charles Robbins has been elected Vice-President.

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September 16, 1943

'Go West Young Dollars'—A Study Of The Future Of The Pacific Coast And Its Securities

There has been considerable public discussion and speculation as to what extent the migration of aircraft and shipyard workers to the West will be permanent and what will be done with the heavy plant expansion accomplished in that area. In view of the great interest in this question, E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges, has prepared an attractive booklet entitled "Go West Young Dollars," designed to acquaint investors in the East with the situation on the Pacific Coast.

The prospects for industrial developments after the war offer exciting possibilities. New and basic key industries—aluminum, magnesium, synthetic rubber, steel — will facilitate post-war progress in the Far West. The necessity of the West supplying a far greater share of its own market, and then expanding it, has been brought into sharp relief by the war.

The economy of the Western States, lopsided in the past because so largely dependent upon agricultural and natural resource products, is by virtue of its rapid industrialization gaining a balance that from a long term investor standpoint is not without significance, E. F. Hutton & Co., declares. It is a development tending to provide maturity and seasoning for existing investments, yet at the same time retaining all the appeal to risk capital inherent in the growth prospects of a virile and expanding country.

The War Production Board has reported that the increasing concentration of major industries in California points to the emergence of that State as one of the leading industrial areas in the post-war era, ranking with Texas, Ohio and Indiana as among those states headed for post-war industrial leadership.

Copies of this interesting brochure may be obtained from E. F. Hutton & Company, upon request.

House Adopts Fulbright Bill For U. S. Post-War Collaboration

In the first expression of Congressional sentiment on foreign policy after victory, the House adopted on Sept. 21, by a vote of 360 to 29, the Fulbright resolution favoring participation by the United States in post-war international peace machinery.

The measure now goes to the Senate, where it will be considered by the Foreign Relations Committee together with several other resolutions.

The Senate, jealous of its foreign relations prerogatives, is likely to sidetrack the proposal pending drafting of a substitute by the Senate Foreign Relation Committee says Edward V. Roberts, Staff Correspondent of the United Press.

The resolution, sponsored by Representative Fulbright (D. Ark.) reads as follows:

"Resolved by the House of Representatives (the Senate concurring), That, the Congress hereby expresses itself as favoring the creation of appropriate international machinery with power adequate to establish and to maintain a just and lasting peace, among the nations of the world, and as favoring participation by the United States therein, through constitutional processes."

AMG Criticized By Russian Publication

The Allied Military Government of Occupied Territory and the American Board of Economic Action were criticized by the Soviet trade union publication "War and the Working Class" on Sept. 19. The publication also contends that the United States and Great Britain are trying to obtain a leading voice in the settlement of European economic problems for "Anglo-Saxon banking, industrial and commercial groups," said a United Press dispatch from Moscow on Sept. 19, which added:

It was the second attack on the Allies' administration of territory captured from the Axis that has been printed this month by the publication, which in the past frequently has mirrored the attitude of the Soviet Government.

"War and the Working Class" charged that the A. M. G. in Sicily retained the Fascist governmental machine and that it "is generally developing from foundations that have nothing in common with democratic principles."

The magazine expressed concern over "indications" that A. M. G. does not intend to limit itself to military administrative problems that may arise during the transitional period between the liberation of Axis-held countries and the reestablishment of local government.

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Change In Renegotiation Law Opposed By Jesse Jones And Randolph Paul

Administration opposition to revision of the War Contract Renegotiation Act so as to give industry specified profits after taxes for post-war reconversion reserves was voiced before the House Ways and Means Committee on Sept. 10 by Secretary of Commerce Jesse H. Jones and Randolph Paul, General Counsel of the Treasury.

Mr. Jones said the price adjustment statute is not the place to provide industry with reserves for post-war reconversion and peacetime production.

Mr. Paul estimated that corporation profits for 1941, 1942 and 1943 would be $24,200,000,000 after payment of taxes.

Regarding their testimony, Associated Press Washington advices of Sept. 10 stated:

Mr. Paul estimated American corporations still would hold $11,600,000,000 in cash or added investments after paying $12,600,000,000 in dividends on 1941, 1942 and 1943 profits on both government and private business.

He described the $24,200,000,000 as a "substantial sum" when compared with pre-war periods but gave no comparative figures.

In reply to a question by Representative Disney (Dem., Okla.), he estimated that stockholders would pay about $4,000,000,000 taxes on the $12,600,000,000 of dividends they received during the three-year period.

Mr. Paul and Mr. Jones, who also is head of the Reconstruction Finance Corporation, joined Army and Navy representatives in contentions that price adjustment is necessary to recapture "excessive profits" of contractors who got Government business without competitive bidding.

To an inquiry by Representative Knutson (Rep., Minn.), Mr. Jones said the taxes should not be considered a part of production costs, and that if contracts were renegotiated on that basis, "the Government, in effect, would be paying the taxes of these industries." Mr. Paul gave them a similar view.

Representative Knutson said: "It looks to me like taxes are just as much an element of cost as material or labor."

Mr. Jones testified that he thought the law should provide for renegotiation to guarantee minimum profits for efficient war production, as well as to recover "excessive profits."

He said it was "much too early" to consider means of setting up special reserves for industry reconversion, and expressed the view that "reserves for conversion should come out of profits after taxes," with such reserves "as reasonable as the taxing authorities will allow."

The Navy Department recommended that contractors doing less than $500,000 of war business annually be exempt from renegotiation, but opposed the proposals that price adjustments be made after taxes and in a manner to allow reserves for post-war reconversion and peace-time production.

Kenneth H. Rockey, Chairman of the Navy's Price Adjustment Board, supported a bill by Representative Doughton (Dem., N. C.), providing that the $100,000 exemption in the existing law be raised to $500,000, effective on 1943 business.

Mayfair House Bonds Situation Interesting

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, have prepared a new descriptive report on the bonds securing the Mayfair House, 60 East 65th St., New York. Copies are available from the firm upon request.

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Railroad Securities

The reorganization railroad bond market was shaken out of its doldrums in spectacular fashion around the middle of last week, and speculators found it just as difficult to buy bonds at advancing prices as they had to dispose of bonds when premature peace optimism held sway. It is probable that fighting at Salerno, with its indication that the German army is still a considerable force to contend with, had some influence on the change in speculative sentiment. There has been less talk recently of the possibility of an early end to the European war.

The direct immediate cause for the renewed buying interest, however, was apparently the unexpected speed with which the court acted in approving the final revised plan of the Denver & Rio Grande Western. This tended to focus attention on the fact that there are a number of important reorganization developments that may come to a head in the near future. The Missouri Pacific had pending its application for authority to use a part of its cash balances to pay off the whole or part of various underlying bonds and for payment of back interest on other system obligations. This request was approved over the weekend and others may have been settled between the writing of this column and its publication.

Frisco has pending a petition to make interest payments and also to settle the controversy over treatment of RFC and RCC loans through a cash compromise and Cotton Belt has asked for authority to make interest payments. St. Paul bondholders are waiting impatinetly to see how the Interstate Commerce Commission is going to react to the compromise proposal filed by institutional bondholders in July. This proposal also contemplates large cash payments, and was brought forward as a means of meeting the question of "qualitative and quantitave compensation" brought up by the Supreme Court. Finally, at long last a reorganization proposal was filed for Wisconsin Central by the senior bondholders.

All of these developments or potential developments are expected to have an important influence on expediting the entire reorganization procedure. In addition to these proposals already pending, the Seaboard reorganization is finally showing signs of life, with briefs filed on September 20 and arguments to be heard in October, and Judge Hincks in adjourning the New Haven hearings to October 5 urged all parties to come to agreement on the I. C. C. plan by that date. He made it plain that if objections are waived he stands ready to approve the plan in short order. All in all, there is growing evidence of the anxiety of all parties to reorganization proceedings to get these properties out of the courts without the interminable delays that have become characteristic.

The large cash balances of the roads affords an opportunity for improving the status of the various bondholders groups, and if the use of this cash is to be sanctioned by the authorities, feasible compromises and an end to lengthy litigation become more readily workable. The courts in the recent past have shown an appreciation of the potentialities inherent in such a solution of reorganization problems and it should soon be known if the Commission is as fully aware of the value of utilization of cash to bring about satisfaction of the warring factions.

It seems too optimistic to assume that the recent turn in the market indicates any future invulnerability to periodic waves of peace psychology. Nevertheless, it does appear reasonable to view

(Continued on page 1218)

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We believe that the recent hearing, at which it was requested of the Court to retire the Receivers' Certificates and other outstanding bonds, of the

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makes more pertinent than ever our brief study on the subject in which we attempt to analyze the result of such action on various outstanding issues.

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OUR REPORTER'S REPORT

Now that the Interstate Commerce Commission has decided upon open hearings as a basis for settling the long-smoldering controversy over the matter of competitive bidding for railroad bonds, a definite ruling on the question is expected within a reasonable time.

Bankers hope, at any rate, that that will be the case, since there are more or less persistent reports that several railroads are contemplating entering the market for sizeable refinancing operations and it would help considerably to have the air cleared in the foregoing respect.

One report current is that Southern Railway would like to do a refunding job which would call for the marketing of some $20,000,000 of new bonds.

One of its leased lines, the Atlanta & Charlotte Air Line Railway, has a total of $20,000,000 of outstanding first mortgage 4½s and 5s, series A and B falling due next July first.

The road is reported anxious to make provisions for taking up of these obligations which consist of $14,500,000 of 5 per cents and the balance in 4½ per cents.

As things now shape up, the investment fraternity is inclined to the belief that this undertaking probably will be the first, or at least among the first, to develop in the wake of the Commission's pending ruling.

Illinois Central

There is some discussion also of the possibility of Illinois Central undertaking to refinance its debt to the Reconstruction Finance Corporation. The company has been endeavoring to secure the return from the RFC of part of the collateral pledged behind the original agency loan of $37,000,000.

It has since been reduced to $20,000,000 and the road sought Interstate Commerce Commission permission to ask the Federal lending agency for the return of $81,828,884 of the $122,668,384 securities pledged for the RFC advance.

Early in June it was reported, unofficially, that the road had further reduced its RFC indebtedness by $5,000,000, but this has not yet been confirmed.

Report has it that the road has been shopping around seeking private placement of new securities, but that the financing may ultimately come through the market.

P. Lorillard & Co.

P. Lorillard & Co. looms now as the likely first candidate for the money market once the Treasury's current Third War Loan Drive is out of the way.

The big tobacco processor has filed the necessary registration with the Securities and Exchange Commission for the sale of $20,000,000 of 20-year debentures, and 374,391 shares of common stock.

The covenant covering the debentures provides for a sinking fund sufficient to retire half the proposed issue by maturity.

The common stock would be offered to shareholders for subscription in the ratio of one new share for each five shares now held.

Reorganization Rail Bonds

Obligations of railroads in reorganization came to the fore in the listed bond market recently as rulings in the case of several such carriers came down, serving to stimulate renewed speculative interest.

Court approval of the modified plan of the Denver, Rio Grande & Western, and the Interstate Commerce Commission's refusal to reconsider its plan for the Chicago, Milwaukee, St. Paul & Pacific, beyond making adjustments ordered by the court, speeded up activity.

It was assumed that action in these cases might be expected to bring a general stepping up of programs of other roads going through the reorganization mill.

Permission to the Missouri Pacific to pay back interest on a number of its securities served to add fuel to the fire.

John E. Schramm Is With Curtiss-Wright

John E. Schramm, formerly security analyst for Ward & Co., investment brokers of 120 Broadway, New York, is now with Curtiss-Wright Corporation in the office of Burdette Wright, Vice-President in Charge of the Airplane Division.

Mr. Schramm will do research work relative to the Airplane Division and is located in the Division's executive offices at Buffalo, New York.

Tomorrow's Markets Walter Whyte Says——

Stocks nibbling at old highs indicates more strength. Minor decline possible but not much damage.

By WALTER WHYTE

No matter how interesting statistics or fundamentals may be a stock market analyst has no business letting his attention wander from the action of the market into a contemplation of such extraneous subjects. The punishment meted out for such inattention is swift and sometimes severe.

* * *

Two weeks ago when the Dow averages were flirting with 137 I saw little but further grief ahead for the optimists. Last week, I refused to see anything good in either the rail or the general market and continued to advise readers that the rally, if it came, would be insignificant and was not to be followed.

* * *

Well, you know what happened. The market, which was then at about 138 did not turn tail and run to cover, instead it continued to go up until the other day it reached 142 and a high fraction.

* * *

Of course I can point to a few isolated sentences in last week's column to "prove" that "I told you so." But anybody who follows this column regularly knows that when new signs manifest themselves I have no hesitation in altering my opinion. Now having gotten that off my chest I can go on to what the market is doing now and what it's action portends.

Strictly as market action the familiar averages in getting up to and slightly above the 142 figure, have done a good piece of work. But having accomplished this there is another obstacle for them to overcome. In the middle of this year the averages got to about the same levels they are at present. It was from that point the market broke. The reasons for that original break are of no immediate concern. But what is important is that the market having rallied to that first obstacle there is no guaranty that the obstacle has been removed.

Technically the market is now in what chart readers call a double top position. I am well aware that all markets have to get into double top positions before they can get through old obstacles into new high ground. But there is always the chance that in this case the obstacle will be sufficient to turn the market down. Obviously buying stocks at such a period presents the buyer with more than the usual amount of risk. For should the market react from that point the possibility of being locked in for a long period of time is very real.

(Continued on page 1217)

Real Estate Securities

INTERESTING COMPARISONS

We note that the continual rise in the prices of real estate securities has brought the bid for the bonds of several of these issues up pretty close to par. We have no doubt that this market valuation is quite justifiable. However, by the same category, we are at a loss to understand the large difference in price of comparative properties.

As an example, the bonds of the Graybar Building are currently 96¾ bid, while the bonds of the Chanin Building are only 33½ bid. In comparing both issues, it seems to us that there is too large a discrepancy in price.

Both are first mortgage leasehold bonds. Bonds outstanding of the Graybar Building amount to $7,502,000, compared to $6,059,500 for the Chanin Building. Location of both properties is equally good. The Graybar Building is at 43rd Street and Lexington Avenue adjoining the New York Central Railroad Terminal, while the Chanin Building is located on the southwest corner of 42nd Street and Lexington Avenue opposite the Terminal. The Chanin is a 55-story building built on a plot of 29,625 square feet with a rentable area of 635,000 square feet, compared to the 30-story Graybar Building built on a plot of 68,200 square feet with a rentable area of 1,000,000 square feet. 1942 interest earned on the Chanin Building was 5.46%, compared to 5.85% on the Graybar Building. Gross income of the Chanin Building for 1942 was $1,566,771, against $1,326,338 for the Graybar Building. Chanin bonds are due in 1945 and the Graybar bonds in 1946. Graybar Building bonds paid 5% in 1942, while the Chanin Building bonds paid 4%. However, in addition to the interest paid on the Chanin Building first mortgage leasehold bonds, they also paid 2% on the second mortgage issue of $2,962,500 and 1.2% on the third mortgage issue of $2,500,000.

Another interesting example is the Hotel Taft bond, which is 94½ bid, compared to the Hotel Park Central (870 7th Avenue) bond which is 44 bid.

Both hotels are in the Times Square section of New York City. The Taft has 1,550 rooms and the Park Central has 1,600 rooms. The Hotel Taft has a funded debt of $3,437,823 consisting entirely of first mortgage bonds outstanding, while the Park Central has a funded debt of $5,255,000 consisting of an Institutional first mortgage of $1,200,000, and the bond issue general mortgage of $4,055,000. The Taft bonds pay 5% interest, while the Park Central bonds pay 4½%. However, the Park Central bonds carry stock representing an interest in a portion of the ownership of the property. An interesting feature of the Park Central bonds is that they carry accumulated interest of 3¼ points. The probabilities of a payment in 1944 of a portion of this accumulated interest in addition to fixed interest of 4½% is good, inasmuch as current reports of the property indicate that fixed interest requirements are being earned 2¾ times. The Taft-Park Central comparison is not quite as good as the Graybar-Chanin comparison, because in the former we are comparing second mortgage bonds with first mortgage bonds, while the latter is a comparison of similar liens. However, at 94% of the $3,473,823 issue of bonds on the Taft, a value of $3,264,393 is placed on that property, while at 44% of the $4,055,000 bond issue on the Park Central amounting to $1,784,200 plus the $1,200,000 first mortgage, a value on that property is placed at $2,984,000. Because of the difference of price range, it would appear that the chances of price enhancement of the Park Central bonds is better than that of the Taft bonds.

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Thomson & McKinnon Will Admit Three

As of Oct. 1, Thomson & McKinnon, 11 Wall St., New York City, members of the New York Stock Exchange and other leading Exchanges, will admit to partnership Frederick R. Horne, John J. Maloney, and John A. Reis. Mr. Horne and Mr. Maloney will have their headquarters in the firm's New York office. Mr. Reis will be in Indianapolis.

E. O. D. Campbell Opens

E. O. D. Campbell has resumed the investment business from offices at 1 Wall Street, New York City. Mr. Campbell was previously in business as an individual dealer in New York City.

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Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

An interesting memorandum was received recently by the Chronicle from Mr. W. H. Wood, Chairman of the Board of American Trust Company, Charlotte, North Carolina. Mr. Wood wrote in reference to the following paragraph which appeared in an article on bank stocks in the New York "Times" of Aug. 26, 1943:—"Bank stocks do not give the highest yields available in the market, but many investors prefer them. The price times earnings ratios of bank stocks range all the way from Chase National, which is selling at 21, and National City, which is 17, to 7.7 for the American Trust Company of Charlotte."

We now quote at length from Mr. Wood's communication:

"This means that the American Trust Company of Charlotte, North Carolina, is singled out to compare the sale of its stock, based upon its earnings, with the two largest banks in America — the Chase National Bank and the National City Bank of New York—which we think is a compliment to the Charlotte banking institution.

"It is true that the capital stocks of the Chase National Bank and the National City Bank sell respectively for 21 and 17 times their earnings, whereas the "Times" states that the American Trust Company stock sells for 7.7 of its earnings, . . . We presume that the "Times" figures were based on 1942, although we are not sure of this. If their figures related to 1942 earnings, then I think they are mistaken, because in January, 1943, our stock was then selling for about $350 per share (par value being $100 per share) which would not have been quite seven times the earnings for 1942. This would make our stock sell for even less times its earnings in relation to Chase and City National Banks. However, the great disparity in the price of our stock and that of the Chase and National City is due, to a large extent of course, to Chase and National City being located in the largest and richest city in America, with surrounding territory of immense wealth and population. Their location, therefore, is probably in the richest section of the world.

"The size of a bank does not necessarily constitute its strength or earning power. If the American Trust Company stock sold for only twelve times its net earnings for 1942, it would be selling today for at least $600 per share (par value being $100 per share), which would still be less than the selling ratios of the Chase and the National City Banks. On the dividends being paid now, the Chase National yields 3.90% on the selling price of the stock. Based upon the dividend being paid now, the National City Bank yields 2.8%. At $400 per share (par value being $100 per share), the American Trust Company, based upon dividends being paid now, yields 3.50%.

"The National City Bank stock has a par value of $12.50 per share and a book value of $33.21, and sells for about $33 per share. The Chase National Bank stock has a par value of $13.55 and a book value of $33.77, and sells for about $35 per share. The Chase National Bank stock is selling for a little more than book value, and the National City Bank stock is selling for about book value. The American Trust Company stock, at $400 per share, would be selling at less than book value—the book value being now about $500 per share."

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It is perhaps of interest, apropos of Mr. Wood's remarks, to submit the following table which shows the ratios of current market to 1942 operating earnings of 28 banks, together with the total resources of each bank as of Dec. 31, 1942. Seventeen of the banks are located in New York City and 11 in other cities as noted.

	Ratio of Market to 1942 Oper. Earnings	Total Assets 12-31-42 ($000)
Chase National	20.4	4,569,496
Bank of New York	18.6	387,592
Guaranty Trust	18.6	2,995,499
Chemical Bank & Trust	17.6	1,289,984
First National (Pittsburgh)	17.3	155,245
Commercial National Bank & Trust	17.1	208,383
Central Hanover	17.0	1,643,855
Irving Trust	17.0	1,040,271
First National (Boston)	16.4	1,168,026
First National (Chicago)	15.9	1,767,082
National City	15.7	3,761,671
United States Trust	15.7	140,962
Continental Bank & Trust	15.7	107,223
New York Trust	14.8	673,169
Bankers Trust	14.3	1,625,080
Corn Exchange Bank & Trust	14.2	568,935
First National (New York)	14.2	1,014,254
Continental Illinois Nat'l Bank & Trust (Chgo.)	13.0	2,197,459
National City (Cleveland)	13.0	333,699
National Bank (Detroit)	12.7	1,036,191
Public National	12.6	265,366
Manufacturers Trust	11.5	1,419,495
Bank of Manhattan	11.4	994,538
First National (Phila.)	11.3	152,568
Bank of Am. Nat'l. Tr. & S. A. (California)	11.2	2,771,689
First National (Balti.)	8.5	264,827
Security First National (L. A.)	8.3	870,431
*American Tr. (Charlotte)	5.6	149,048

*Based on 1942 indicated earnings of $72.00 per share as reported in Moody's.

Chase heads the list with the highest ratio of 20.4, as well as the largest volume of total assets. American Trust of Charlotte is at the foot of the list with the lowest ratio, but not quite the lowest in total assets. Although investors are willing to pay a higher premium for the stocks of certain outstanding institutions of size, power and prestige, an examination of the above figures shows clearly that mere size is not the criterion. For example, Bank of New York has next to the highest market ratio, but in point of size as measured by total assets, it is in the lower

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Public Utility Securities

Associated Gas Making Progress with Reorganization Plans

Associated Gas—the billion-dollar brainchild of Howard Hopson, now in a Federal penitentiary—is making rapid progress toward reorganization, although several years may still be required to complete the realignment of system properties necessary to conform to the standards set up by the Utility Holding Company Act. Mr. Hopson developed a vast maze of holding and investment companies, and the securities of these companies and of the operating subsidiaries were interchanged until the net result was an almost unsolvable jig-saw puzzle. He also developed varied and devious schemes for exchanging weak system securities for the good ones held by the public. Thus he was able, despite the heavy over-capitalization of the top companies and the milking of system earnings under the guise of "service" charges, to keep the system out of bankruptcy long after his rival in such finance, Samuel Insull, had fled to Europe. Hopson's downfall was traceable to two factors—a gradual accumulation of unpaid Federal tax claims, and the decision of the SEC late in 1939 to cut off the upstream flow of income from some of the operating companies. Hopson then capitulated and his two principal holding companies, familiarly known as "AGECO" and "AGECORP" entered the bankruptcy courts early in 1940.

The present trustees — Stanley Clarke for AGECO and Denis J. Driscoll and Willard L. Thorp for AGECORP—have made energetic and conscientious efforts to straighten out the tangled mess left by Hopson. Moreover, they have made every effort to keep security holders well-informed, having issued 17 or more voluminous reports, including the plan of reorganization for the two top companies, released June 14th this year. New officers were appointed to the sub-holding companies, and a number of the smaller properties have been disposed of.

The system has had two setbacks—the loss of the important Manila property to the Japs (though this may prove helpful with taxes if a write-off is obtainable), and failure to effect sale of the South Carolina properties to a State power authority for some $40,000,000. On the other hand, the system got a "break" last year when Congress permitted consolidated system tax returns (so that "bad" earners could be combined with "good" earners, to bring down the average taxable income). This permitted a saving in Federal taxes of $3,400,000 and there is a possibility of a further saving of $4,500,000 if the system is permitted to deduct accrued but unpaid interest on all the numerous bond issues of the two top companies. The latter saving hinges on important litigation (which would also affect numerous large railroads now in bankruptcy) which may eventually go to the Supreme Court for settlement. However, this additional saving would be only a temporary windfall, for Associated, since it could no longer be claimed after the reorganization plan is put into effect, when almost all AGECO and AGECORP bonds will be converted into common stock.

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The reorganization plan does, however, propose to retain as much Federal tax saving as possible, and will not set up a new top holding company but instead will merge the two present companies into a "surviving" corporation, thus retaining the invested capital base of both companies.

It is also hoped to include in the merger the most important sub-holding company, known as NYPANJ, which constitutes about two-thirds of the system. Many of the NYPANJ properties can probably be retained under the "death sentence" of the SEC, since as the name indicates they are located in New York and the adjacent States of New Jersey and Pennsylvania. However, while NYPANJ's finances are in healthy condition so far as its public holdings are concerned, there are many intercorporate holdings and entanglements. Hence the trustees have proposed (as a corollary program to the reorganization plan) a se-

(Continued on page 1217)

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Canadian Securities

By BRUCE WILLIAMS

Recent political utterances headed by Governor Dewey's bold declaration supporting an outright military alliance with the British Commonwealth, are indications of a trend towards an objective for which, theoretically, we now have the completed edifice, but from a practical point of view, we have not yet finished digging the foundation. Undoubtedly, the best foundation is one based upon economic collaboration, thus combining a friendly relationship with mutual self-interest. Already the Pacific Coast States and Minnesota have taken steps in this direction through the formation of joint economic committees for the study of the development of territories on both sides of the border.

The New England States together with Ohio and California have made Canadian securities legal for investment by savings banks. It would seem logical that the State of New York, especially in view of Mr. Dewey's recent announcement, should give favorable attention to the efforts that have been made since 1936 to make it possible for savings banks in New York to make attractive additions to their portfolios in the shape of Canadian securities.

The past week has seen a continuance of the market quietness that has prevailed for more than a month. There were some evidences that prospective buyers were commencing to test the market and the general undertone seemed somewhat improved, but on the whole prices sagged lower. Canada 3s of 1958 were obtainable at 104, the 4s of 1960/50 at 110¼ and the 3s of 1967 at 103⅛. Canadian National 5s of October 1969 were offered at 117½, the 4¾s of 1955 at 118 and the 4½s of 1957 at 117¼.

Among the Provincial issues, British Columbia 5s of 1954 could be bought on a 3.50% basis, New Brunswick 4¾s of 1960 at a yield slightly better than 3¾% and Manitoba 4½s of 1956 at 4.10% return. There was some demand for the shorter-term Nova Scotias and the 4½s of 1952/47 changed hands on a 2.40% basis. Saskatchewans also were fairly active and the 5½s of 1946 traded at 101 and the 4½s of 1960 at 89.

Internal issues were in increased demand and the free exchange consequently improved from 9⅞% to 9¾% discount. Now that the September supply of dividend checks is exhausted, further buying of internals can cause a further hardening of the Canadian dollar in the free market. However, it must be borne in mind that the internal issues called for payment Oct. 15, next, should result in a further supply of free exchange at this time. After this date, if this supply is readily absorbed and Canadian internal issues continue in demand here, we shall no doubt see a renewal of pressure on the exchange at the Foreign Exchange Control Board's selling rate for Canadian dollars.

It is opportune to review at this time the position of the two situations which have marred the otherwise perfect record of Canadian financing in this country, namely, the Province of Alberta and the City of Montreal. With regard to the latter, there are now clear indications that this situation might be cleared up in the not too distant future.

The latest refinancing plan has just been submitted to the City Executive Committee and, if approved, there is now reason to believe that it will be accepted by the bondholders. In support of this belief, it can be stated, following a report from London, that the City of Montreal British Stockholders Committee has issued an interim report saying it was hoped, because of the general position reached in discussions on the Montreal debt, that "a plan may be submitted which we can recommend for acceptance by British stockholders." In the case of Alberta, it is generally recognized that the province is anxious to rehabilitate its financial position, if possible before the end of the war, in order that Alberta can take proper advantage of its rapidly expanding economic development.

There is also one common factor in both cases that will exert pressure on the creditors to accept plans which have been hitherto rejected. This factor is the present trend of interest rates; the previously suggested rates could be criticized on the grounds that they were out of line with the rates then current, but now the proposed rates look quite attractive.

It will be a bull point for the market in general if a solution were reached in these two cases. In any event, as it has been previously pointed out, the market has now experienced an anticipated healthy reaction. We shall soon be out of the loan drives period. At the present time there are a few stale long positions, which should enable buyers to secure bonds at favorable prices.

Although it appears at the moment that there is no undue hurry, nevertheless, between now and the end of the War Loan drive and the close of the Canadian Victory Loan in October, should be an opportune time for making purchases on a scale.

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Gairdner, Son & Co. Toronto Exchange Firm

TORONTO, ONT., CANADA—Gairdner, Son & Co., members of the Toronto Stock Exchange, has recently been organized here to conduct a brokerage business. Partners in the new Toronto Exchange firm are: J. A. Gairdner, J. P. Crysdale, G. P. Watt, A. G. Walwyn and J. H. Gairdner.

It is also announced that C. W. MacLean, R. P. Howard, and J. H. Gairdner have been elected to the Board of Directors of Gairdner & Co., investment dealers.

E. J. Allman will be Assistant Manager of the Montreal office of the company.

STANY To Present Eight Ambulances To Army And Navy

Eight ambulances will be turned over to the United States armed forces on Friday, Sept. 24, by the Security Traders Association of New York, according to Walter F. Saunders of Dominion Securities Corporation, Chairman of the Committee which carried on the drive to raise funds for the purchase of these vehicles. Formal presentation will be made at 12:30 p.m. on the steps of the Sub Treasury Building at Wall and Broad Streets by B. Winthrop Pizzini, B. W. Pizzini & Co., President of the Security Traders Association.

Representatives of the Army and Navy will be present to accept the gifts which will be driven away by four men from each service. Music will be furnished by a Navy band and George E. Price, partner in the Stock Exchange firm of Price and Davis, and a well-known stage and night club entertainer, will act as master of ceremonies.

A total of 305 individuals and firms participated in the drive. Captains of the sub-committees included: C. Jerome Aal, Abraham & Co., Chester de Willers, C. E. de Willers & Co., Michael J. Heaney, Joseph McManus & Co., Thomas A. Larkin, Goodbody & Co., John J. O'Kane, John J. O'Kane & Co., Henry Peiser, Ira Haupt & Co., Fred Preller, Eastman, Dillon & Co., Abraham Strauss, Strauss Bros., Edward Thompson, Smith, Barney & Co., and Robert Torpie, Merrill Lynch, Pierce, Fenner & Beane.

Comments On Inflation Article By Ivan Wright

Editor, "Commercial & Financial Chronicle":

I had the pleasure of reading Dr. Wright's article on inflation and am glad to note that he emphasizes several pertinent facts which have to do with this rather abstruse subject. In the first place, he says that every war has brought inflation; this, of course, is a matter of history, but John Q. Citizen seldom realizes it because from war to war he forgets all about it, and then plunges headlong without regard to consequences.

Dr. Wright also bangs on the head the false notion that going into debt is a hedge against inflation. Here again history proves the contrary, as indicated by the unfortunate experiences of investors and corporations between 1933 and 1937, as Dr. Wright points out.

He makes a good point when he says that "inflation when it gets under way will not wait on a debating society."

FRED W. ELLSWORTH,
Vice-President, The Hibernia National Bank in New Orleans.

Sept. 14, 1943.

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Investment Trusts

"PEACE IS BULLISH"

Both Hugh W. Long & Co.'s **New York Letter** and Keystone Corp.'s **Keynotes** draw the conclusion expressed in the title to this column. Writes the Editor of the Long Co. **Letter:**

> **"Both logic and the pattern of World War I indicate that peace is bullish, not bearish, and that it is on the forces of construction rather than on those of destruction that sound securities values must be built."**

The same thoughts are expressed as follows in **Keynotes:** "The history of the market during the last war, the record of the market so far during this war and the facts about our present economy do not seem to justify any fear of peace—the objective which every resource of the civilized world is straining to achieve."

Supplementing the text of the Long Co. **Letter** are charts showing the market pattern of eight leading stock groups during and after the last war. In all of them the big rise came after the signing of the Armistice in 1918 and the peak was not reached until the end of the following year.

* * *

Distributors Group has published a new folder on General Bond Shares, a Class of Group Securities, Inc., in which the increase in corporation tax rates is graphically portrayed. "How To PROTECT and INCREASE Your Income In An Era Of High Taxes" is the title of the folder. Among other things, it points out that:

> **"Today maximum corporation tax rates are over four times what they were in 1939—about six times what they were ten years ago! They have increased to a point where, despite our present record-breaking industrial activity, the net profit remaining after taxes has actually declined."**

"By investing in securities whose claim on earnings comes **before** taxes," the investor may escape the effect of higher corporation taxes on his investment income. Current return on General Bond Shares which represents a diversified investment in discount bonds, is 6.5%.

* * *

An interesting discussion of the trend in college endowment funds toward common stocks (despite higher corporation taxes) is presented in the latest issue of MIT's **Brevits.** The bulletin cites income and inflationary considerations as probably having influenced this trend. The following figures are given on ten leading college and university endowment funds:

Percent of Security Holdings
(At book values June 30, 1942)

Institutions—	Bonds	Pfd. Stocks	Common Stocks
California	66.1%	13.4%	20.5%
Cornell	35.6	19.6	44.8
Dartmouth	45.0	10.9	44.1
Harvard	49.6	11.2	39.2
Johns Hopkins	56.0	14.0	30.0
M. I. T.	39.3	4.4	56.3
Pennsylvania	52.9	28.3	18.8
*Stanford	56.8	11.8	31.4
Vanderbilt	55.0	7.2	37.8
Yale	42.0	20.4	37.6
Average	48.5%	14.1%	37.4%

*As of Aug. 31, 1942.

Recent Investment Company Literature

Lord, Abbett—A new folder on Union Preferred Stock Fund; a revised "leverage" folder on Affiliated Fund; a composite summary of the Lord, Abbett group of investing companies.

National Securities & Research Corp.—New folders on National Bond Series, National Preferred Stock Series, and International Series; a discussion of "some problems facing the returning Congress" in the latest issue of **Investment Timing;** a current information folder on all National Securities Series and First Mutual Trust Fund.

Distributors Group — Current portfolio folders on Railroad Shares and General Bond Shares of Group Securities, Inc.

Calvin Bullock—A new issue of Perspective discussing "Petroleum: Post-War Outlook."

Hugh W. Long & Co.—New folders on the Aviation and Chemical Industry Series of New York Stocks, Inc.; current portfolio folders on New York Stocks, Inc. and Manhattan Bond Fund.

Keystone Corp.—A new current data folder on Keystone Custodian Funds.

Hare's Ltd.—A new folder on Insurance Group Shares of Institutional Securities, Ltd.

Investment Company Reports

Keystone Custodian Fund Series "B3"—Net assets as of July 31, 1943, amounted to $19,481,417, equivalent to $16.97 per share, compared with $16,192,049 and

(Continued on page 1218)

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Bankers Urged To Continue Efforts To Curb Government Lending

Chartered Banking Must Maintain Independence If Free Enterprise Is to Survive, Says A. L. M. Wiggins, President of Bank of Hartsville, Hartsville, South Carolina, In ABA Inaugural Adress

Warning the bankers that "the American system of free enterprise cannot survive unless chartered banking maintains its independence and fulfills its lawful credit functions, the newly elected President of the American Bankers Association, A. L. M. Wiggins, in his inaugural address declared that "free enterprise under politically administered credit is not only unthinkable, it is impossible." "It therefore," he asserted, "becomes our solemn duty, as the custodians of the chartered banking systems, to continue to multiply our efforts to turn back the tide of Government lending, direct and indirect, whenever it exists only on bounties from the public treasury. The inaugural address of Mr. Wiggins, who is President of the Bank of Hartsville, at Hartsville, S. C., marked the concluding session of the Association's War Service Meeting; it follows in full:

A. L. M. Wiggins

This convention, and the 14,000 members of the American Bankers Association which it represents, have given a clear mandate to the incoming administration. It calls for the continuation of a vigorous and comprehensive effort to serve the financing and other war needs of this nation, and to follow through on the program which has been carried on with such notable success under the able guidance of President Hemingway. The mounting requirements for funds with which to prosecute the war are daily increasing the responsibility of bankers. Their leadership in war financing and their full cooperation with the Treasury is more than ever required. This cooperation will continue.

Equally clear is a mandate for prompt, courageous and vigorous action that will assure the preservation of a sound and serviceable dual chartered banking system as an essential part of the American economic way of life.

These mandates I accept.

There is no need to urge the importance of the problems we now face. We are well aware that we are living in a period of transition unparalleled in our history. Our people and our national leaders are deeply concerned with the nature and the organization of the post-war world. Banking, together with the rest of our social and economic order, has undergone revolutionary changes in methods and procedure. Further adjustments may be ahead.

May I state, therefore, some fundamentals to which I believe the overwhelming majority of American bankers now subscribe?

The American system of free enterprise cannot survive unless chartered banking maintains its independence and fulfills its lawful credit functions. Free enterprise under politically administered credit is not only unthinkable, it is impossible. It therefore becomes our solemn duty as the custodians of the chartered banking system to continue and to multiply our efforts to turn back the tide of Government lending, direct and indirect, whenever it exists only on bounties from the public treasury. Just as bad money drives out good money, so does unsound credit destroy sound credit. No Government subsidy can hide this brutal fact.

The major corollary of this proposition is that banking and private finance must return to the type of credit that accepts reasonable risks as part of the nature of the business. Government guaranteed loans of all types, although recognized as temporary expedients in times of national distress, war, or peril, have little if any place in a peace-time credit structure. Such loans have already proved to be an opiate, deadening our sense of independence and weakening our faith in our own abilities. Carried too far into the post-war period, the non-risk guaranteed loan principle will make of us feeble addicts and the vigor and independence of our banking system will perish.

The life or death question which the private credit system must soon answer is whether or not it is willing, able, and ready to take care of the credit requirements of an expanded post-war economy. Unless it does so, the Government will do the job, and our nation will take another fateful step down the road of State socialism.

Commercial banking has a forthright and affirmative answer to this question. Its liquid resources were never greater, its desire to serve never stronger and its machinery was never in better order. It is serving the nation as never before. At the same time, it is searching and finding new ways to multiply its usefulness to American business and to the American people.

We must be realists and recognize that the final arbiter of the destiny of this nation is not the Government, its Congress, its administration nor its Supreme Court. It is the will of the people! Therefore, policies, programs and efforts whether of bankers, business workers, or farmers must win approval at the bar of public opinion.

As bankers we should examine our own hearts and our own houses. If there is any lingering doubt in the mind of any of us that banking is charged with a public interest and a public responsibility, we have been blind to the recent history of this nation. The public will not approve, nor for long tolerate, any banking methods that are against the public interest. However, the notable contribution of banks in the war effort, their role in the national economy, and their assistance to industry, commerce and agriculture have earned for banking widespread public approval. Any tendencies or practices in banking which tend to weaken that approbation must be rooted out. Interest rates should be kept in line with costs and risks involved in the legitimate requirements of capital. Service charges should reflect actual costs of service rendered plus a reasonable return. Credit should be merchandised on a fair and competitive basis and never as a monopoly. Special privilege as between borrowers and lenders has no more place in a free economic society than it has in the administration of democratic government.

If we are to return to fundamentals, American commercial banking must recapture the good will and enlarge its service to savers. Saving is and always has been the rockbottom base on which capital is formed. Without it there can be no credit, and yet American banking here and there has become coldly receptive to new and increased savings accounts.

Chartered banking is confronted with serious and difficult problems. An immediate challenge is the declining income of small banks. Reduced volume of loans, low interest rates, and the competition by Government agencies for loans have resulted in a serious reduction in interest income to banks, particularly in agricultural sections. Increased deposits, although invested in Government securities, fail to make up the difference in income. In addition to this, the increased costs of doing business and the expense of selling and issuing war bonds have all but wiped out the net profit in many small banks. These problems of country banks require and will have foremost consideration by this Association in the year ahead.

We can say with confidence that, on the whole, the house of banking is in good order. It is not only fully meeting today's requirements, but is alert to the changing needs of the war-time economy. It is marshalling its resources of men and credit in plans and programs to anticipate the needs of the readjustment period and the dynamic post-war era to follow.

Commercial banking is seeking every opportunity to serve. However, such opportunity can come only along with the democratic freedom to achieve. We may have all other freedoms, but without the essential freedom of opportunity to achieve for the individual, whether he be farmer, merchant, manufacturer, entrepreneur, or banker, American life will stagnate to the dead level of mere existence. As bankers, we must become fully and keenly aware of the grave and fundamental issues involved. It is necessary now to come to grips with the problems before us and courageously take a stand for the principles that will determine the character of American life in the future.

Consistent with these principles, we will fight militantly and courageously the battles that must be won if the democratic freedom to achieve is to survive.

We will fight for the preservation of the dual system of chartered banks. We will fight for the rights of the banks to be freed from the suffocating hand of Government competition. In all of these efforts we seek no privilege at the expense of the public welfare. We believe that our cause is just and that it will have the support of the American people.

If I interpret correctly the temper and disposition of the bankers across this broad land, they are ready for action. In taking action, it will be our purpose to mobilize, unify and consolidated the efforts of individual bankers, and those of local, State and other association groups, to the end that we may muster our full strength in the war to protect and preserve these principles.

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Bankers Urged To Adopt Investment Policy Now

By DR. MARCUS NADLER
Professor of Finance at New York University

Adoption of an investment policy which will enable them to meet any situation that may arise in the future is one of the most important problems facing the banks at the present time, Dr. Marcus Nadler, Professor of Finance, New York University, declared in an address last week before the National Bank Division of the ABA.

This policy should be correlated to any possible or anticipated movement of deposits in the immediate post-war period and should take into consideration the possibility that the end of the war may witness a period of depression, he said. While this depression will probably not be of long duration and may not be very pronounced, he feels "it may, and probably will, have an adverse effect on prices of certain obligations and values."

"If the banks adopt a sound investment policy now, they will liquidate their doubtful assets during the course of the next few months. If they strengthen their mortgages, if their Government holdings are based on the possible future movement of deposits, they will be in an exceedingly strong position and able to meet any demands that may arise in the immediate post-war period," he told the bankers.

"The volume of deposits of the banks has increased materially and will continue to mount," said Dr. Nadler, who further stated:

"At the same time the ratio of capital resources to deposits has decreased. This imposes on the banks the obligation of keeping their assets in as liquid a position as possible commensurate with necessary earnings. Exclusive of bank premises, real estate has never been an appropriate asset for a bank and certainly will not be in the immediate post-war period. As far as possible, therefore, real estate should be liquidated.

"Since a great portion of the total assets of the banks is invested in government obligations, the investment problem for most institutions narrows itself down to the handling of the government portfolio."

In considering this phase, Dr. Nadler feels there is bound to be a criss-cross movement of deposits after the war. "Some banks will lose deposits while others will gain," he predicted, depending on whether the institution is located in a war area or in centers where consumers goods are produced. Because of the uncertainty of the movement of deposits, he recommended that "every bank, particularly those operating to a large extent with demand deposits, should diversify its government holdings as to maturity."

On the subject of inflation, Dr. Nadler asserted the banks should utilize all the means at their disposal and should spare no effort in fighting the forces of inflation. "They should urge that the cost of the war be financed in so far as possible through taxes and through the sale of Government obligations to ultimate investors. It would indeed be dangerous to the banks if too large a proportion of the public debt is held by them."

He feels such a condition again would lead to recommendation for adoption of the 100% reserve banking plan as a means of solving the debt problem and alleviating the tax burden. Adoption of this plan, he declared, would wreck the banking system and would lead to the ultimate establishment of a system of government-owned banks.

Discussing competition from government lending agencies, Dr. Nadler believes that after the war efforts will be made to retain and convert these agencies so that they can function in peacetime. "Now is the time," he observed, "to make careful studies as to the future relationship between private and government banking. These should be undertaken jointly by the government and by the banks with the view of clearly delineating the sphere of activity of each.

"Considerable thought must also be given to the future of V loans. No unanimity of opinion exists among bankers as to whether V loans should be continued in the post-war period. Undoubtedly a limited need for government-guaranteed loans will exist during the initial period of reconstruction. However, to perpetuate the system of V loans on a large scale after the war would tend to destroy the function of banks.

"In addition to the typically domestic problems that will arise out of the war and its aftermath, the banks of the country will be called upon to assist in the solution of a number of international problems in which they themselves are directly interested.

"It is their duty to advise and counsel the governmental agencies in all matters relating to currency stabilization. They must make available to these agencies their knowledge and experience and to see to it that the plans are workable and not merely visionary in character. Above all it is to their interest to prevent the newly created organizations from destroying the international transactions of the private banks."

Dr. Nadler's remarks follow in full:

The global war has affected materially our national economy and this in turn is fully reflected in the position of the banks. Holdings of Government securities have increased rapidly, the volume of real commercial loans has tended to decrease during the past year, while the volume of bank deposits has reached an unprecedented level. The ratio of capital resources to deposits is steadily decreasing and is today smaller than ever before in the history of the nation. Government lending agencies have multiplied and are offering keen competition to the private institutions. Their personnel has undergone a considerable change, the number of women employees in many banks exceeding that of the men.

These changes, while creating many serious problems, are however, greatly overshadowed by the dangers that may arise as a result of the rapidly mounting debt and the large volume of government securities held by the banks. There is a serious danger that in the post-war period efforts may be made to alleviate the debt burden through sleight-of-hand devices or through the adoption of unorthodox economic measures. There is the danger that efforts will be made to reduce the rate of interest paid by the Government on its obligations held by the banks. There is the added danger that, in order to solve the problem of the debt service, the adoption of the 100% reserve banking system will be pushed. These measures if adopted will have serious effects on the banking system of the country. Even the orthodox handling of the public debt is bound to create very serious problems for the banks. At the end of the war the floating debt of the United States will be tremendous. Since it is dangerous for any Government to operate with an exceedingly large floating debt, serious efforts will be made by the Treasury to convert the maturing obligations into those of medium or long term maturity. Since the banks hold a large portion of the short term debt of the Government, they will be particularly interested in these refunding operations, but because of the sharp reduction in the ratio of capital resources to deposits, they may be unwilling to accept in exchange for short term obligations long term or medium term bonds. It will not be possible to shift a considerable portion of the debt to other investors. On the contrary it is reasonable to assume that at the end of the war non-bank investors, notably corporations, which have placed a considerable portion of their reserves in government obligations, will endeavor to liquidate them in order to meet their post-war capital expenditures.

These will be some of the problems that will confront the banks at the end of the war. If plans are made for the sound solution of these problems, all the others that will confront the banks during and after the war can be readily solved. The purpose of the present address is to analyze the problems that confront the banks during the war and to ascertain those that will confront them at the end of hostilities. So far as possible suggestions will be made on how to remedy the pending problems.

The most important problem before the banks at present is to adopt an investment policy which will enable them to meet any situation that may arise in the future. Above all the investment policy should be correlated to any possible or anticipated movement of deposits in the immediate post-war period and should be based on the following considerations.

The end of the war may witness a period of depression. While this depression will probably not be of long duration and may not be very pronounced, it may, and probably will, have an adverse effect on prices of certain obligations and values. Now, therefore, is the time for the banks to scrutinize carefully their holdings and to liquidate those securities which are bound to suffer during any period of business reaction.

The volume of deposits of the banks has increased materially and will continue to mount. At the same time the ratio of capital resources to deposits has decreased. This imposes on the banks the obligation of keeping their assets in as liquid a position as possible commensurate with necessary earnings. Exclusive of bank premises, real estate has never been an appropriate asset for a bank and certainly will not be in the immediate post-war period. So far as possible, therefore, real estate should be liquidated. Sound mortgages have always been a good investment for banks, particularly those operating with time and savings deposits. In view, however, of the uncertain future of real estate in many sections of the country, it is advisable that banks insist on satisfactory amortization on the part of the mortgagors.

Since a great portion of the total assets of the banks is invested in government obligations, the investment problem for most institutions narrows itself down to the handling of the Government portfolio. In considering this phase, the following facts should be taken into consideration.

There is bound to be a criss-cross movement of deposits after the war, although the total volume of bank deposits in all probability will continue to increase. Some banks will lose deposits while others will gain. In those war centers where business activity is bound to decrease at the end of hostilities, as well as in rural districts which have benefited a great deal during the war, deposits will decrease. On the other hand, those centers in which consumers' goods are produced are bound to gain in deposits. Because of the uncertainty of the movement of deposits, all banks, particularly those operating to a large extent with demand deposits, should diversify their Government holdings as to maturity.

There is, however, no need to over-emphasize liquidity and to curtail earnings because of concern over a material change in interest rates. During the war the opinion is almost unanimous that no change in interest rates will take place.

For a period of time after hostilities will have come to an end, the money market will continue to be dominated by the needs of the Treasury. The latter will be confronted with the task of refunding billions of dollars of maturing obligations. There is also bound to be a deficit of the Treasury, though substantially smaller than during the war. Corporations which have invested considerable sums in Government securities will endeavor to convert them into cash in order to meet their post-war capital expenditures. It is logical to assume that a number of individuals will redeem some of their Series E bonds in order to buy durable consumers' goods.

Until the budget of the Government is balanced and provisions have been made for a gradual redemption of outstanding public debt, and until the refunding operations have been completed, no material change in interest rates is to be expected. Furthermore, it may be assumed that at the end of the war, when employment is not so plentiful as at present and the volume of consumers' goods has increased, a return flow of currency from circulation will take place. This in turn will tend to increase the amount of reserve balances of the member banks and thus prevent an increase in interest rates. These as well as other factors lead to the conclusion that a material change in interest rates is

RAILROAD SECURITIES
IN THE POST WAR ERA

An Address by

PATRICK B. McGINNIS

Before the Corporate Meeting of the National Security Traders
Association, Inc., Chicago, Illinois, August 20, 1943

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not likely in the immediate post-war period.

The investment policy of the banks, however, should not be based merely on the fact that no material losses can be sustained from holding medium or even longer term Government obligations. Rather it should be based on the policy that some banks may lose deposits and that it would be highly dangerous to the banking system as a whole if individual banks were forced to liquidate long-term Government obligations in order to meet the outflow of deposits. Each bank should have some idea of the amount of deposits it may lose in the reconstruction period, and a like amount should be kept entirely in short-term Government obligations. As pointed out before, a general reduction in deposits is not likely. On the contrary, an increase will take place; hence, those banks gaining deposits will be in the market for short-term Government securities which will be liquidated by those losing deposits. However, the former, too, because of the sharp decline in the ratio of capital resources to deposits and the uncertainty that may prevail at that time, may be unwilling to buy long and medium term Government obligations, but they will certainly be willing to buy bills and certificates as well as other short term Government obligations.

During the war the banks should endeavor so far as possible to keep all their funds fully invested. There is absolutely no risk involved in acquiring Treasury bills or certificates of indebtedness. Banks, therefore, instead of keeping idle reserves with the Federal Reserve banks, should endeavor to employ them in short term Government obligations. Every bank should endeavor to the utmost of its ability to increase its Government war loan account. This is desirable not only from the point of view of the Treasury but also because it tends to increase its earnings.

If the banks adopt a sound investment policy now, they will liquidate their doubtful assets during the course of the next few months. If they strengthen their mortgages, if their Government holdings are based on the possible future movement of deposits, they will be in an exceedingly strong position and able to meet any demands that may arise in the immediate post-war period.

The volume of loans, on the whole, will tend to decrease during the war. Loans made for the purpose of financing durable consumers' goods, as well as personal loans, may be almost entirely liquidated during the period of hostilities. Those made to merchants as well as to manufacturers of consumers' goods will also decrease because of the declining supply of goods available for consumption. On the other hand, V loans and ordinary loans made for the purpose of furthering the war effort will tend to increase. V loans may create problems, and banks would be well advised to set up reserves out of earnings derived from such loans in order to meet any contingency that may arise in the future.

The banks should utilize all the means at their disposal and should spare no effort in fighting the forces of inflation. Inflation in the sense of a sharp rise in commodity prices reduces the purchasing power of money and deposits. Should this take place, it will give the demagogue an opportunity to incite depositors against the banks. Furthermore, inflation will materially increase the need for working capital on the part of industry and trade. Because of the material reduction in the ratio of capital against deposits, and because there is no way for the banks to protect their own capital resources against inflation, it is doubtful whether they will be able to meet the needs of industry and trade that will arise if the price level should be substantially higher than it is at the present time. This situation will be further aggravated since inflation reduces the intrinsic value of the capital resources of the banks themselves because these, too, are invested either in loans or in fixed income-bearing obligations, the value of which does not increase when commodity prices rise materially.

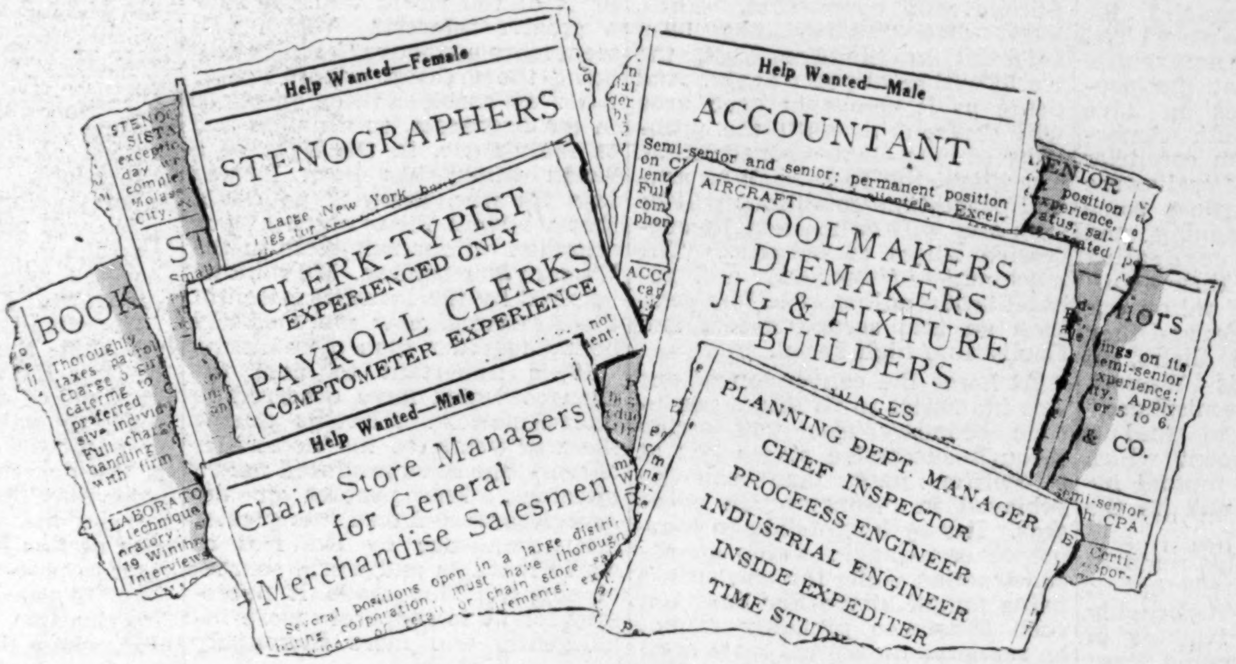
What can banks do to fight the forces of inflation? They should urge that the cost of the war be financed in so far as possible through taxes and through the sale of Government obligations to ultimate investors. It would indeed be dangerous to the banks, as will be pointed out later, if too large a proportion of the public debt is held by them. Now more than ever banks should encourage thrift and urge the repayment of outstanding debt. Everything should be done to induce hoarders of currency to deposit it with the banks. The volume of currency in circulation today is far greater than is required for legitimate business transactions and a return flow of currency from circulation would be of material assistance in financing the war.

Banks should seek deposits, particularly time deposits, from those whose income has materially increased as a result of the war. Banks should continue to cultivate customer relationships.

In brief, the main problem that confronts the banks at present, aside from the need for the adoption of a sound investment policy, is to assist the Government in the proper financing of the war. Most banks have already adopted these policies and practically all have assisted the Treasury in financing the war effort.

The fate of the banks in the post-war period will be closely interwoven with the economic and political situation that will prevail in the United States at that time. Most of the problems confronting the banks will be caused primarily by political and

(Continued on page 1210)



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What Is Ahead In The Americas?

By JOSEPH C. ROVENSKY

Vice-President of the Chase National Bank of New York

Discussing "What Is Ahead in the Americas?", Joseph C. Rovensky, Vice-President of the Chase National Bank of New York, told the War Service Meeting "that there is little doubt in my mind but that the countries of the Western Hemisphere are on the threshold of a great development." He pointed out, however, that "much will depend on post-war conditions and also on the degree of mutual interest which develops between our country and the various other countries of this Hemisphere with respect to post-war cooperation."

Joseph C. Rovensky

In stating that "a large number of individuals and companies in the United States are contemplating and investigating possible opportunities for post-war business in South America," Mr. Rovensky expressed the hope "that they realize that the peoples in the South American countries themselves are doing some planning and investigating of their own." "If we on our side, and they on theirs, in this Western Hemisphere," he observed, "fail to find a formula for development which will work out to our mutual interest, then we both will be the losers."

Toward the end of his remarks Mr. Rovensky indicated that it was his thought that "it is highly appropriate that the bankers of the United States should post themselves on future possibilities within this Western Hemisphere." "It might indeed," he said, "be a helpful move if the American Bankers Association should give consideration to organizing an inter-American Division."

Mr. Rovenskey's address follows in full:

◆

In thinking about what lies ahead for the Americas in the post-war period, it is necessary for us to try to visualize what the general picture will be when peace comes. If the succession of events should develop as now seems probable, the end of the war in Europe will come first. Then, later, after victory has been achieved in the Far East, the world will be at peace again. And peace as it comes in each area will confront us with the problems of post-war reconstruction. Therefore, the road back to normal peace-time conditions will be long and will be marked by successive stages of progress. The machinery of recovery and rehabilitation will start in low gear, then go into second speed, and finally into high speed.

At home the conversion of our war industries to fit into a peace-time economy also will swing through successive stages but at a swifter pace than can be achieved in reconstruction overseas. It may be possible to commence assisting in European reconstruction while the war still is being fought in the Far East, but such assistance probably cannot be rendered on a great scale until final victory over Japan has been won.

The building of a new Far East will be a stupendous task. There will be so much to do. The Philippines, along with Australia, the Dutch East Indies and other areas will be revitalized with new hopes and new ambitions. This situation will bring us, as Americans, great opportunities and, if we accept them, great jobs to perform.

However, much will depend on the attitude of our own people. Will we really become internationally minded, and in which parts of the world will we have a greater interest? Which will seem more attractive? Which will bring the greatest opportunities? After we consider these questions in the aggregate, as a nation and as individuals, in the light of a world which has been largely torn by war, there is no doubt that we shall focus much of our attention on our neighbors in the Western Hemisphere. We shall be inspired by the forward march of the Americas, now more closely bound together than ever before.

It is important to note the changes which have occurred in inter-American relations during the war years, as the necessities of war-time have produced mixed blessings. The peoples of the Americas were forced into greater interdependence by the loss of world markets and world sources of supply. This made it necessary for us to cooperate more intelligently and more thoroughly with each other.

At the same time, scientific and technological developments have brought us substitutes and new materials, some of which are here to stay. Just as the war created a new situation in this respect, so with the coming of the peace still another pattern will develop. There will be new dislocations and new problems affecting raw materials. The marvelous development of synthetic rubber in the United States is a case in point. Many authorities have expressed the opinion that the synthetic rubber industry is here to stay. However, the supplementary natural rubber that has been produced in certain countries of the Americas under the spur of war necessity doubtless will be used within the producing countries to meet their own needs.

The production of fibres, twine, rope and burlap likewise can survive in the Americas, as well as the production of edible and inedible vegetable oils, which has been greatly accelerated during the war.

It is an exceedingly important fact that the countries to the south of us in this hemisphere constitute the only part of the world which on balance will emerge better off at the end of the war than before. As a result of the sale of vast quantities of materials needed in the war effort of the United Nations, without which our fighting machine would have been slowed down, the countries of Latin America have been able to accumulate a substantial reserve of dollar balances. These reserves of dollar exchange have mounted high because of our inability to supply in war-time much of the manufactured goods and other commodities needed by the countries to the south of us. Naturally, those countries will be more "U. S. dollarminded" than ever before. They will have incurred a deficiency of at least three years in many things which they greatly need and for which they have looked to us in the past. Naturally, they will be eager to absorb the products of our great manufacturing industries in the United States.

However, as the markets of the world gradually reopen, the natural trend will be for each country to expand its buying from those areas in which they are able to sell their products. That trend in turn depends on the kind of a world we will have and the pattern of trade that the world will adopt. If agreements and understandings cannot be reached which will make for a free world in which to trade, then man-made shackles again will restrict the free flow of goods.

There is little doubt in my mind but that the countries of the Western Hemisphere are on the threshold of a great development. But here again much will depend on post-war conditions and also on the degree of mutual interest which develops between our country and the various other countries of this hemisphere with respect to post-war cooperation.

For instance, the areas of South America that lie in the temperate zone, where the agricultural products are basically the same as those of the United States and Canada, naturally must compete with us on the world market in dispensing of whatever surplus of those commodities may be produced. This economic fact ought not to be permitted to continue as a source of irritation and misunderstanding.

The American industrial and business interests which are wisely giving consideration to the extension of their operations in South America will receive the collateral benefits of the pioneer work which our industry has done in the past in the countries to the south of us. Many pioneer companies, including Singer Sewing Machine, the Linotype, National Cash Register, and International Harvester, have made it easier for our automobiles, refrigerators, radios and aircraft to be accepted, because United States products were found to be good. The radio, the movies, the catalogues and our North American merchandise are making us all kin.

I have endeavored to draw up a hypothetical balance sheet of our inter-American relations as such a balance sheet might appear at the end of the war. On the asset side, the pluses, are the following items:

1. We have shed blood in a common cause—there can be on stronger bond.
2. We have developed a closer understanding.
3. The Latin American republics will have more U. S. dollars than ever before and they will be more dollar-minded.
4. Certain of their industries, notably the mining industry, have been materially expanded, and the production of rubber, fibres and oils has been sharply increased.
5. The nations to the south of us have greatly developed their trade with each other—a most useful trend.
6. Air transportation has conquered distances and natural barriers.
7. The peoples of the Americas to the south of us have set their sights higher. They have the ability and the ambition, as well as the resources, to go ahead.

Now, on the liability side of the ledger may be listed some minus items, as follows:

1. There will be some remnants of Nazi influence here and there working hard to poison inter-American relations.
2. There may be some degree of resentment over the inability of the United States to provide urgently needed materials to our southern neighbors during war-time.
3. There will be in some countries great expectations of liberality from the United States.
4. There will be a number of unsolved defaulted debt situations.
5. I fear that in some areas there will be a growing nationalistic trend, a feeling of self-sufficiency, tending to induce restrictive legislation affecting immigration and activities of foreign companies. This trend may retard and greatly hamper commercial and industrial developments where outside assistance would be useful.

However, one can see at a glance that on the whole this balance sheet presents a very favorable picture. It is my opinion that in this attempt to take a frank and realistic look at the inter-American scene we may find many reasons for encouragement and optimism.

A large number of individuals and companies in the United States are contemplating and investigating possible opportunities for post-war business in South America. I hope that they realize that the peoples in the South American countries themselves are doing some planning and investigating of their own. After all, each country belongs to its own people and they properly will set the pattern and decide what they think comes first. However, if we on our side and they on theirs in this Western Hemisphere fail to find a formula for development which will work out to our mutual benefit, then we both will be the losers.

All of us as business men may rightfully take pride in the outstanding achievements which capital and management from the United States have made in developing the natural resources of many countries in the Western Hemisphere. The real significance of teamwork and cooperation in that field becomes apparent when we stop to consider that millions of tons of copper in the Andes Mountains were of no practical value lying dormant deep below the surface. But the enterprise, large capital investments, and great engineering skill of men from the United States, together with rugged native workers, have made it possible to extract that copper from the mountains, transport it to factories, and fabricate it into gleaming wire and other products which serve mankind in a thousand ways. At the same time, the people of those copper mining countries in South America have benefited in wages and tax revenues that have contributed substantially to the life of their communities.

Similarly, let me remind you that it needed more than the combination of fertile soil and tropical climate to lift the banana plant from its secluded place as a rare table luxury to its position as a great staple food used by millions of people. It was the vision, the organizing genius and marketing skill of business men from the United States, together with large capital investments, which accomplished that transformation and at the same time brought about an inflow of wealth and an improvement in the living standards of those areas where the banana industry flourishes.

At this point I should like to attempt a brief appraisal of some of the problems in the area of

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finance and investment. Most of the countries in the Americas have substantial, long-established commercial banks of their own. Those banks handle most of the local and domestic business and there is no important conflict between them and the branches of the United States banks and other foreign banks which operate in the various countries. The North American branch banks comprise a useful part of the financial machinery in those countries and are constructive factors in developing their foreign trade. There is a need and a place for both the domestic and the foreign commercial banks and it is quite important, in accordance with the ciples of commercial banking, that these institutions, the bulk of whose funds belong to their depositors, should confine themselves to commercial banking transactions.

In the field of investment capital, involving stock participation and long term loans, the supply of accumulated local capital probably will be inadequate to meet the contempated expansion in many of the countries of the Southern Hemisphere after the war. As a result, there will be a need for considerable outside capital which is willing to make investments on a long term basis.

The exchange rates on currencies of the Americas during the wartime period have remained fairly stable, whereas the past record was spotted with wide fluctuations. With the greatly improved financial position of all those countries which have been accumulating holdings of gold and foreign exchange, the nations of the Americas should embrace the opportunity to join with the other countries of the world in a comprehensive plan of post-war monetary stabilization and the elimination of trade-retarding controls, when a satisfactory plan finally is evolved.

I am hopeful that in the years to come some of our neighboring countries will be able to work out a broader foundation for their fiscal revenues so as to eliminate the excessive duties that are now placed upon imports of essential products, such as foodstuffs in some instances. It is perfectly obvious that if there is a 100% tax on flour in areas where flour is greatest needed, that tax merely acts as a brake on improvement in the standard of living.

In trying to appraise the various types of financial operations which may be necessary in our inter-American relations in the future, I am inclined to make three general classifications:

1. The first consists of new enterprises which will be started by private business alone, financed with private funds. I hope and believe that this will comprise by far the largest classification. An example would be the development of a food processing plant in a situation where private enterprise is confident that the venture will prove to be profitable.

2. The second includes new projects financed by private capital but with some assistance from the United States and/or South American governments. An example of this type would be a hydro-electric project which would require a large amount of capital and would need some governmental assistance for a period of time until it reaches the stage of profitable operations.

3. The third includes projects not appropriate for development by private capital where government financing alone would be necessary. Examples would be drainage projects, clearing of lands, and the opening of new areas where government action must first be taken in order to create conditions under which individuals and private concerns can start new activities.

In past years the attitude of our government for rendering financial assistance to the countries south of us has been prudent and conservative. The management of the Export-Import Bank has been intelligent and farsighted. The bank has not squandered our money. It has co-operated with American industry and has been of material assistance to other countries of the Americas. On the whole, I think it has done a good job.

As we contemplate the future development which appears to be possible in the Americas to the south of us, there are certain fundamentals which should be clearly stated. In the first place, financial assistance from private sources in the United States can be obtained only on merit. I know of no magic credit formula. Long-term capital will flow only into the areas where political and economic conditions are reasonably stable, where the past record is good and where the prospects for the future are right. Under those conditions capital will seek investment at normal rates of interest.

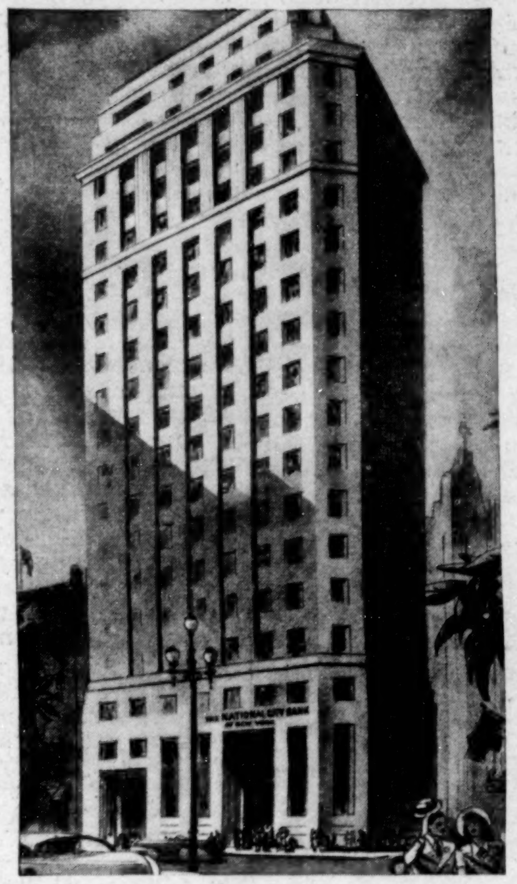
Both from the standpoint of the nationals of South American countries and from the standpoint of our interests as citizens of the United States, I favor joint partnerships and stock participations in commercial or industrial organizations. In all ventures where a group or individuals from this country is making a South American investment I would favor a goodly participation in that enterprise by the nationals of the country where it is to be started.

I would accept as fundamental the principle that as the capital resources of the various South American countries increase, more and more of the ownership of these joint enterprises should be purchased by the citizens of those countries. I have no fears of minority or majority holdings under reasonable conditions. Much of the great expansion of transportation facilities and industries in our own country during its pioneer period was financed with the help of foreign capital.

I do not favor our going into the development of projects where our financial, technical and manufacturing assistance are not required. We must pay more attention in the first instance to what contributions can be made toward needed expansion than to what we are going to get out of it, as the long-run test is that of mutual benefit. I strongly feel that since this kind of collaboration is essential for the development of the many opportunities which exist in South America, progress will be retarded unless these basic factors are really understood and a spirit of mutual confidence and cooperation exists.

There is one type of financial mechanism which is wholly inadequate in South America. That is in the field of facilities for consumer credit, which are available only on a limited basis in a few countries of that area. During the past thirty years we have developed in the United States an effective financial machinery for consumer credit which has stood the test of good and bad times and has stimulated large scale production of many useful things. If anything like a comparable volume of sales of automobiles, radios, refrigerators and other

(Continued on page 1208)



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Bankers Must Lend Wise Counsel To Create Post-War Economy

(Continued from page 1190)

be no misunderstanding that the debt is a debt—to be treated as such, and paid as such, to be renewed, extended, and refunded from time to time, as the needs of our Government require—but also to be regularly reduced and ultimately paid."

Analyzing the ability of "U.S.A., Inc.," to service an estimated $300,000,000,000 debt after the war, he said that whereas national income averaged $66.6 billion for the 20-year period from 1919 to 1938, it has materially increased in the war years, and the forecasts for 1943 range up to $140 billion.

"Even this income hasn't been sufficient to support the sort of management — administration of government—we have had. U. S. A., Inc. has lost money in operations . . . . The balanced budget, symbol of Governmental financial integrity, was last in effect in 1930.

"If we couldn't support our Government out of an annual income of $66 billion a year for the last 20 years without its being in debt $50 billion when our war preparation began, it is evident that either the income must be maintained at high levels, or expenses reduced—both, in fact—if we are to pay our debts.

Mr. Strickland termed this the challenge which government, industry, labor and every citizen must meet and solve. "Otherwise we shall be insolvent; only by meeting it honestly can we achieve that for which we fight. It must not be done by inflation, either to thus destroy the peoples' savings or to create a higher price level which will prevent an increased industrial output at home and render us noncompetitive in the markets of the world."

He advised liberal leaders in industry and a new and constructive leadership in labor to meet in a spirit of cooperation and denounce the efforts to separate them in their common purpose and interest.

Mr. Strickland's speech follows:

Can a national debt of 300 billion be paid? Will this huge obligation be met in dollars of a purchasing power comparable to that of pre-war days? These are the questions which thoughtful Americans ask themselves as they consider the economic aspects of war cost and post-war recovery.

But it is likely that 99½% of our citizens do not comprehend the great problems which the resulting debt will create for our nation, and that, every citizen for a century to come will share its consequences. It is therefore a high duty of the American Bankers Association to promote discussion of the debt and its attendant problems and to advance plans to meet them. Such discussions and plans should be widely disseminated in simple form.

Only the need for such discussion justifies any individual in presuming to present an opinion on so broad a topic—a presentation made with full knowledge of the many phases that cannot be explored so briefly.

There can be no "cold blooded" talk of debt, finance or economics so long as the drama of war and debt claims our sons—so long as the warm blood of American boys is being shed on every continent there will be no question as to the dedication of every material resource at our command to shorten the terrible conflict.

America is proud of its Army and its Navy. They are finely trained and ably led. Their equipment is superb. Our military leadership has planned wisely and executed splendidly the initial phases of the conflict. We may well heed their informed warning that great casualties, great effort, great costs lie ahead.

Happily, every portent of victory is ours. The matchelss courage of our armed forces, supported by the outpouring of our nation's wealth and the production genius of industry and of labor, are guarantees of ultimate military and naval success.

How soon that day may come is a part of the individual responsibility which each of us must accept without reservation on the home front.

How well we at home shall plan to preserve in the future the national life for which they fight is a larger part of that responsibility. If we shall avoid it as a nation, as groups, or as individuals there will be no ignominy too great and no reproach too severe, for history to place upon us.

A political leadership which proves inept, expedient, or calculating; an industrial leadership which proves selfish or incompetent; a labor leadership which proves grasping or venal; an economic leadership which proves unable to cope with new and greater problems; or a complacent citizenship—all of these will be repudiated by the scornful look of hardened young eyes whose realistic observations of men dying have given them a clear perception of values—human and divine.

The "spectator" psychology which persist among us has no place in war. No amount of cheering from side lines or bleachers can discharge our personal responsibility. As citizens we are justified in requiring competent, honest and economical administration of the entire war effort. We can with equal right demand the elimination by our Government, of every unnecessary and nonessential activity. We ourselves in our private lives must strip to essentials. We can do these things because it is our Government; we must do them because it is our Government.

It is this right and this duty alone which our sons fight to preserve, and for which we pour out both the anguish of torn hearts and the substance of our economy. It has been recently said that "the State is either all of us, or, if it is created as separate and apart from us, it is only the device of the politicians then in control."

In our place as bankers, a most important sector of war responsibility must be met. Second only to military operations and industrial production is the financing of war. It is a responsibility adequately met by bankers throughout the shining history of our nation. From the devoted service of Robert Morris in the American Revolution, in patchwork borrowing to keep Washington's tattered legions in the field; through every war of our national life, the role of the bankers has been an important one.

This responsibility will greatly surpass during this war, and in the post-war period, the challenges which our banking system has faced after each previous war in nation's history. During the war we must, in collaboration with the Government, and other groups of our economy, aid in financing the war amply and soundly. We must keep our banking structure free of speculative credit, and invest largely in the short term, low rate obligations of our nation. We must divert every idle investment dollar to the prosecution of the war.

In all the confusion of post-war planning the voice of American banking must be heard as the advocate of those measures which will insure a sound economic foundation on which to rear a structure of continued industrial progress. Such a structure on such a foundation, alone can validate the guarantees of the Four Freedoms, either at home or in the world. We must not plan first to build the walls and roof of a shelter for national security and world peace which the foundations of our post-war economy cannot support.

It is not our responsibility alone. It is shared by every man and woman in America, and literally by generations yet unborn. The traditional responsibility of bankers is to invest in sound obligations, and to safeguard the funds of their customers. To these duties we must now add that of wise counsel to create a sound economic atmosphere for our nation's future. To do this we must aid in bringing home to every American an understanding of what this debt means in future American life.

Our Congress has appropriated 330 billion for war. To June 30 we had spent 110 billions. At current spending rates these appropriations will finance the war to April, 1945.

We will owe 165 billion when the Third War Loan drive is completed this month. Current estimates are that the debt will be near 200 billion by July, 1944.

If taxes are increased to one-third of our national income we should raise near 50 billion in the fiscal year 1944-45. This should reduce borrowed funds to less that 60 billion for that fiscal year, and leave us owing about 265 billion at July 1, 1945.

To this must be added war ending costs—the stabilization of liberated and of conquered nations, the costs of gradual demobilization, reconversion of industry, of termination and adjustment of cancelled war contracts — a pure guess of 50 billion more.

These facts, and the many available estimates of others, justify us in accepting for this discussion a peak debt of over 300 billion. Should the war end sooner the debt will be smaller—if longer, an ever grater problem confronts us.

This stupendous sum dwarfs any conceivable comparison in economic experience. The current literature of finance and economics affords the opinions of many theorists who believe that this unprecedented volume of credit instruments will of itself create new functions of credit. Borrowing interminably assumes the cloak of virtue. The perpetual existence of a constantly enlarging debt becomes a guarantee of security. For fear we shall have too little debt we are to have a program of post-war construction of non-revenue producing public works, and world rehabilitation from the endless coffers of rich America—the coffers of continued borrowing.

A dynamic, expanding America, industriously returning to peace time production of goods through enterprise and initiative and paying its debts from the profits of industry, will have little labor and scant credit to spare in such non-productive work.

Finally, these proponents of prosperity through debt tell us that there is no debt because we owe it to ourselves. This doctrine can only be supported by the collectivist theory that all property belongs to the State, and that the State has no obligation to repay that which it takes from its subjects. With more than one-third of our citizens as direct owners of Government obligations, and countless other million indirect owners as holders of life insurance policies, of bank deposits, and other evidences of participation and ownership, it is necessary that there be no misunderstanding that the debt is a debt—to be treated as such, and paid as such. To be renewed, extended, and refunded from time to time, as the needs of our Government require—but also to be regularly reduced and ultimately paid. But it is not reassuring to hear of a highly-placed Government economist, on being asked as to any plans being formed to retire the debt, replying, "I have never even heard the matter discussed." If that statement implied an indifference to the obligation, or an intent to avoid the responsibility of the debt, it would be well that an authoritative voice be raised with definite assurance that no such collectivist notions will be tolerated in America.

Others of these theorists have revived such fallacies as a 30-hour week. They have reverted to the arguments used in the depression mid-thirties to support the so-called "emergency" measures of "spread work" and "share-the-work" to meet the then existing unemployment. The Brookings Institution said of it then, and could doubtless do so with even greater assurance now:

> The 30-hour week is an outcropping of the idea of conforming production to a diminished demand. It would mean a productive output, even with full employment, substantially below the level of 1929.

Surely, no one will for a moment assume that the need for goods of all kinds for many years to come will not tax American production greater than in 1935, or even in the previous peak year of both production, wages, and national income of 1929. Is America to be told then in the face of world needs, and the great necessity for maintaining increased national income, that we are to work less, produce less, and remain solvent?

Rather must we, as bankers, and as advisers to the managerial system of American industry, point out to both labor and management, in a spirit of serious and sincere cooperation, that the payment of our debts rests wholly on the maximum production of goods, the establishment of new industries, the maximum individual efficiency in both management and labor, and the restoration of our Government to its historic role of an unprejudiced umpire.

More work, greater production, high pay to the efficient through incentive plans; lowered costs, lowering prices, wider distribution of goods; economy and thrift by Government and citizens alike; sustained profits and industrial expansion from earnings; balanced budgets, decreased borrowings and debt payment—these and these alone can maintain a sound standard of living; these alone will pay our national debt; these alone can guarantee a continuation of a democratic form of government for our nation; these alone will enable us to meet our international responsibilities.

There is no reason to doubt the sure success of such an effort—of such cooperation between managers and workers. We are now engaged in helping all the world with its problems, and rightly so, for they have become our own. Why is it the world wants and needs support from us? Is it because we have created what they have been unable to do? Does not this recommend the historical independence of American enterprise? Is not our enterprise and profit system of industry thus proven superior?

Such a program is not easy. It will mean a lessened return for capital, in keeping with the low money rates which the service and retirement of the huge debt requires. In the presence of these economic perplexities, and in the face of these erudite but untried theories, it is perhaps unwise to oversimplify the problem.

Is the obligation of the United

(Continued on page 1204)

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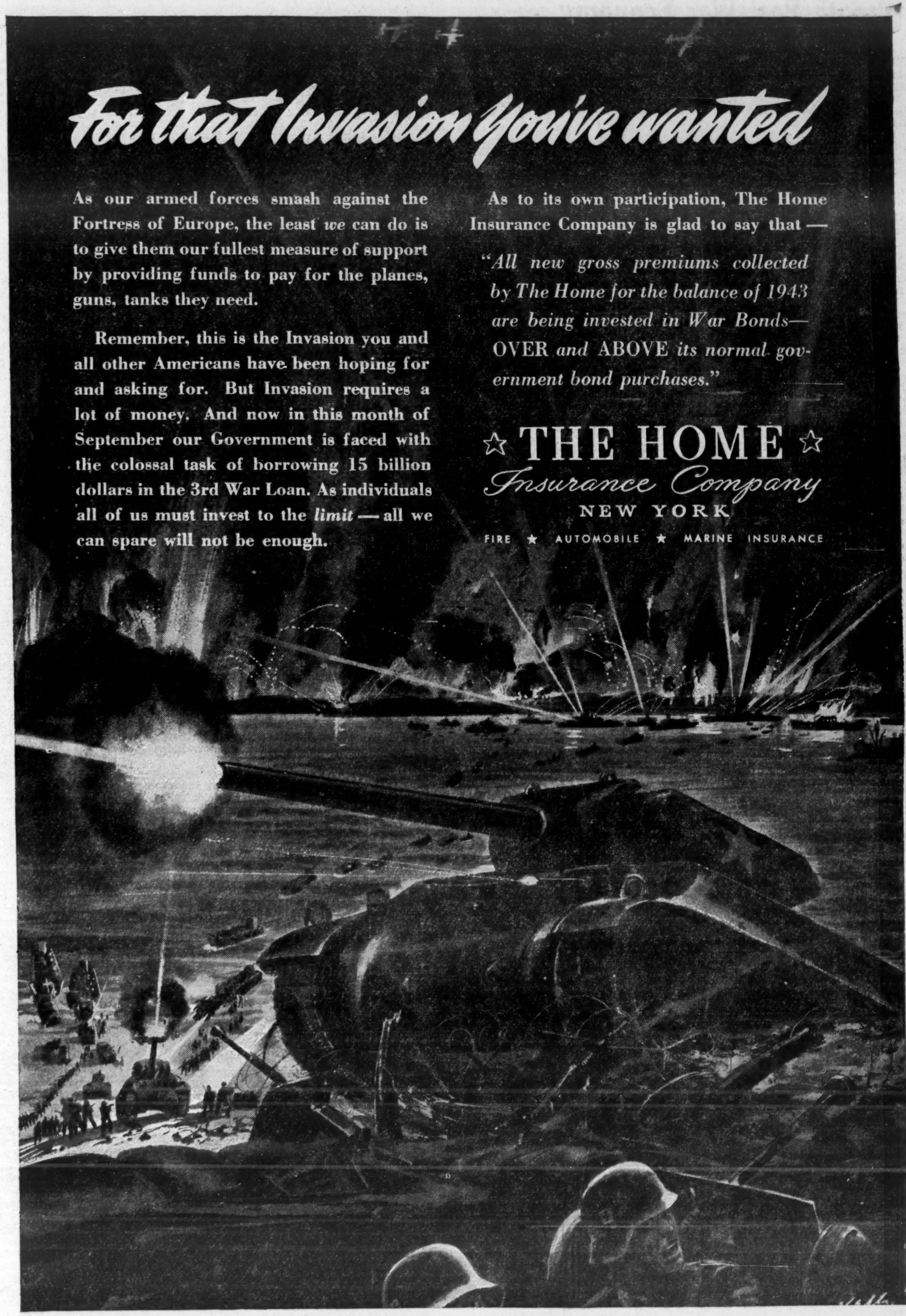

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Bankers Must Lend Wise Counsel To Create Post-War Economy

(Continued from page 1202)

States good? Will it be met? Let us follow an old credit formula in an examination of the character, capacity, and capital of the borrower—"U. S. A., Inc."—a borrower now owing heavily, and obliged to have much greater financial support in the months of war remaining—months that may well prove the most momentous of history.

What is the character, capacity, and capital of "U. S. A., Inc."? What is the earning record? How good is the management? How dependable is the moral risk?

To determine capital let us construct a fictional balance sheet. "Fictional," not because it is unsupported in fact, but only because it cannot be wholly inclusive of either resources or liabilities. But it will serve to illustrate how we and our Government look in the conventional form of financial data.

Our physical properties are worth about 400 billion, using a rough average of academic and Government studies. Salvage of war plants, merchant marine, navy and army equipment and material may run up to 50 billion. So our productive plant and the equipment to protect it total 450 billion.

Our current assets, including deposits, currency in circulation, receivables, inventories, and our savings in Government bonds, aount to about 225 billion.

Against this we now owe about 110 billion in private debt, and 170 billion in public debt, Federal and municipal—a total of 280 billion. Of this, 100 billion is current, and 180 billion long term debt.

Our current ratio is about two and one-fourth to one; our net working capital about 125 billion, and we have a plant debt of 180 billion against a 450 billion book value.

Against total capital resources of 675 billion we owe 280 billion and have a net worth of 395 billion.

Economists, statisticians and accountants alike will shudder at this scrambling of public and private assets and debts, and would no doubt rewrite it in less understandable terms with copious qualifying footnotes. But, broadly speaking, such a balance sheet sets out the present situation of a borrower, needing in the near future, additional loans of 125 billion or more, only a moderate part of which will be reflected in increased assets.

The ratios will get thinner if the proportion of current debt—due on demand or within one year—is materially increased as we move up to a 300 billion debt. This seems to wholly justify the Treasury policy of placing all bonds possible in the longer maturities, holding short term debt to one-third or less of the total, and keeping the banks open to revolve this short term debt at low rates to maintain the liquidity of the Government bond market. The banking system can have no quarrel with such a policy which is wisely designed in the interest of the banks and the public, as well as the Treasury convenience. Nor will the Treasury have full control of this policy without the support of the banks, not only in promptly and cheerfully accepting their quota of short term debt at low rates, but in extending themselves to the utmost in inducing the investment of every idle dollar in their deposits into a Government obligation of appropriate maturity by the owner of that deposit.

So we have a full debt and extended balance sheet now. It will become more so as we progress further into the war, but if we collect more taxes, begin to exercise economy, and hold down borrowings, it need not become too extended, if the war doesn't last too long.

What about the earning record of "U. S. A. Inc"? National income averaged 66.6 billion for the 20-year period from 1919-1938. It has materially increased in the war years, and the forecasts for 1943 range up to 140 billion.

Even this income hasn't been sufficient to support the sort of management — administration of Government—we have had. "U. S. A., Inc." has lost money in operations. For 13 consecutive years—10 of them years of peace—we have spent more than we have earned. The balanced budget, symbol of governmental financial integrity, was last in effect in 1930.

If we couldn't support our Government out of an annual income of 66 billion per year for the last 20 years without its being in debt 50 billion when our war preparation began, it is evident that either the income must be maintained at high levels, or expenses reduced —both, in fact—if we are to pay our debts.

Debt service, apart from retirement, initially will be about six billion annually. The activities of the Government for other than war and debt service for the fiscal year 1943 cost four and a quarter billion. If we retire three billion of debt yearly—a 100-year amortization plan, without intervening increases—do not increase our other expenses a single dollar, and maintain our naval and military establishment on as low a basis as two billion annually, we shall have a minimum annual budget of more than 15 billion. This is more than three times as great as our 1929 budget, and nearly twice as great as our average 1933-37 annual budget.

The "tax take" of the Federal Government averaged four billion for the fiscal years 1930-39—pre-war and largely depression years. This was about 6½% of national income. Consequently it is evident that event a 15 billion post-war budget taking 15% from a minimum post-war national income of 100 billion will more than double our pre-war tax take and will require a 50% increase over our pre-war national income.

This is the challenge government, industry, labor and every working citizen must meet and solve—otherwise we shall be insolvent; only by meeting it honestly can we achieve that for which we fight. It must not be done by inflation, either to thus destroy the peoples' savings or to create a higher price level which will prevent an increased industrial output at home and render us non-competitive in the markets of the world.

Next the question of capacity comes in for consideration. How well are the industrial, commercial, and agricultural departments of "U. S. A., Inc." operated? Are the engineering and production methods okeh? Is the labor situation satisfactory? Are there good markets for the products?

Certainly the plant is modern—the finest facilities in the world, unimpaired by the destruction of war, as are some competitive plants. Managerial methods, engineering, and production supervision are the finest ever on earth. We surprised the world by speedy conversion to armament production. We have designs for a lot of new things at low prices and a lot of orders banked up to go to work on as soon as this war business is over. And a lot of new customers to sell things to at a profit.

Labor? Splendid, most skilled and efficient in the world. In fact, almost the only free labor left in any nation. By and large, the worker has been a full partner in the industrial miracle which is America. His share has brought him a greater portion of comfort in life and of unlimited opportunity than ever known anywhere in history. Certainly this well-being is nowhere else evident in today's world. The path from the bench or lathe to the "front office" has always been a short one for the industrious. Management in America is just another form of labor—with a skill more often than not gained by capable and efficient labor in shop or factory or store or on the farm.

Management and labor in America, with few exceptions in management, and a few in labor, largely confined to leaders perpetuated in power by undemocratic processes, understand each other. Whence, then, comes this claim of divergent interests, this rash of labor disputes, this alleged distruct between these partners in American enterprise? Why should it now plague and retard our united effort in the most crucial hour of our history? The answer to these questions has an important bearing on our credit analysis conclusions.

Its origin is clearly and undeniably in a class-conscious Europe, built on artificial distinctions of birth. From it we have imported these Marxian doctrines which there had fostered the very totalitarian regimes, collectivist and fascist alike, whose slimy grip on the freedom of individual man, an America made strong by the democracy of free men, now helps to break.

Liberal leaders in industry, and a new and constructive leadership in labor must meet in a spirit of cooperation and denounce this effort to separate them in their common purpose and interest. For, rest assured, when our national debt is paid, it will only be paid by the earnings of free men, in both management and labor, working as a team. If this is not accomplished, we are obliged to mark that failure down as a severe weakness in the capacity of our credit risk.

What about the "character" risk of "U. S. A., Inc."? Is the willingness and intent to repay the obligation present? Has our respect "for the promises men live by" been impaired by a generation of political management,—by national repudiation at home and abroad? Or by the speculative orgies of the business and banking communities in 1929? Or by the character weakening subsidies to favored pressure groups? Has our vaunted "standard of living" in reality softened Americans?

Is the idea to be perpetuated in America that any one who earns his way honestly and who by thrift achieves more of worldly success than his less provident neighbor, must have done so by thieving?

Here we find a weakness growing out of the vicious class psychology created in scarcely more than a decade in America where every man has always been able, if he worked, to stand on his own two feet and look every man in the eye. What he wanted he was willing — anxious — to earn. He bore malice to no man who did him no harm. He was not inoculated with the class-consciousness which his forebears left behind in Europe. His was the right to work and to win; to love and to live; to demand and receive the greatest freedom the common man has achieved in all history.

With the importation of collectivism, the prostitution of this freedom of the common man began in America. Groups were organized to bargain their way to positions of overlordship, and thus to become the means of seeking to overthrow the democracy of the individual. May we pray that in the white heat of war the souls of American boys will be made to realize the dignity of a man of courage and of integrity, and thus to stifle in our new generation the unjustified results of prejudices, sponsored by the collectivist intelligentsia who have insinuated themselves into the political and economic life of our country.

Have these views been accepted by us here at home? No true American will finally charge his fellow citizen with this opinion without overwhelming proof of such an acceptance. Rather we must believe that the expression of these views in an America never before class-conscious, is but an unsuccessful effort of those who in reality seek the overthrow and destruction of democracy.

For our part we must believe that the apparent indifference to this threat by large sections of our people is only because they have been thoughtless and neglectful of their duties, and forgetful in a bountiful America, that the price of liberty is eternal vigilance.

And so we must judge our national character risk in the light of pioneer bravery, revolutionary valor, creative genius and inherent capacity for cooperation and neighborliness.

So our credit analysis summary might well run—capital, adequate, but needing careful husbanding in view of our debts, both public and private; earning record, spotty; financial management, poor. Capacity—splendid; character, fundamentally sound, but not yet alert to common danger. Prospects. with better management, excellent.

"U. S. A., Inc." is a solvent, well-established business. Its record of growth is remarkable. The political management for the past 25 years has been shortsighted; its fiancial policies for 13 years have been expedient and makeshift. With a fine record for 150 years, however, and great resources, vitality, and opportunity, and

(Continued on page 1206)

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It must be a world as peaceful and neighborly as your own town; a world in which decent people can bring up their children decently. It must be a busy world where factories and farms are working and where there are jobs for all.

How can such a world be brought into being? The surest way is to think and talk about it. Full and complete discussions on the porches of this country, over its fences, in churches, schools, clubs, and always at meals—that is how the terms of A JUST AND DURABLE PEACE can be formulated.

In your discussions keep in mind this fact; your terms of peace must be such that the people of other lands can agree with them. There must be provision in your plans for sustained production and for consumption of that production.

Only a world peace that squares with the conscience of men of good will can be just. Only a just peace can endure.

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Bankers Must Lend Wise Counsel To Create Post-War Economy

(Continued from page 1204)

with improvement on the part of the management and renewed interest by the shareholders, it is a fine business and ought to be preserved.

Can the debt be paid? Certainly it can be paid. The resources and energies of the American people, directed into channels of full production, guarantee the ability to pay. It will call for a renewed valuation of the dignity of labor; a revivied thrift and economy; a discarding of foolish notions that dollar marks and price tags represent a standard of living, rather than the comforts of life which we produce. Production, not profits, must come first. Profits in plenty for capital, management and labor alike will follow "as the night the day."

It will require that no politician be allowed to defraud the rank and file of American citizens by tampering with the integrity of our national obligations, or by devices to control production, prices, or purchasing power a single day beyond the period required to reconvert industry to peace time production.

It will require the substitution of civic integrity for political trickery.

It will mean that elemental justice is not to be lost in a maze of legislative interpretation and sophistry.

It will mean that we shall have the substance and not merely the form of democracy in all of our relations, labor organizations included.

It will require a re-examination of our system of taxation. Neither business nor persons of large income will be responsible for this consideration. It will be necessary for the Government to do so if it is to receive adequate revenues. Business and wealth will have lost their capacity to produce taxes if our present confiscatory rates of income and inheritance taxes continue to destroy the power to earn, and necessitate the virtual liquidation of growing enterprises in each generation.

It is likely that a gross transactions tax on the transfer of all goods and services will alone produce adequate revenues and not destroy the tax creating ability of industry as will a continuance of confiscatory income taxes into the post-war period. Such a transactions tax, in combination with sales taxes, might well be by statute allocated first to debt service and retirement.

It will mean that Government must cease to persecute. Tax procedure must be simplified and a sense of fairness in dealings with taxpayers restored. Congressional intent must be more simply stated and judicial interpretation become less technical. The Securities and Exchange Commission must simplify its procedure, abandon its inquisitorial methods, and pursue courses which will attract venture capital, without permitting fraud. The National Labor boards must become judicial bodies, without prejudice to either employer or employee.

It will require that all Federal procedures be simplified, and that hundreds of thousands of unnecessary Government workers be released for productive labor in private industry.

It will mean freezing all Government bureaus from the dominance of pressure groups, so that all citizens may obtain simple justice promptly, and without the interference in administrative bureaus of the influence of any pressure group, or political favorite.

Too often criticism is not accompanied by specific suggestions for direct action — in conclusion these suggestions are offered for your reflection and consideration.

The American Bankers Association not only has a greater responsibility for the successful financing of the war than any other single group in private enterprise. It has a larger duty to assume the initiative in devising a long range fiescal policy for both the war and post-war period in order to assure our continuing national solvency.

Pursuant to this responsibility it must give unrestricted support to the Treasury in the current and in future war loans, and on all occasions advise as to the wisest, most economical and safest course of financing to be pursued, without regard to any selfish interest of the banking system.

In the midst of a plethora of post-war planning for spending and borrowing its authoritative voice must be raised for earning, saving and paying. If the United States cannot plan for the preservation and solvency of its own post-war economy, it cannot pretend to assume the salvation of the world.

In discharge of its longer term duty the Association should now establish, under the guidance of its Economic Policy Commission a suitable staff to prepare, publish and submit to the Treasury Department, and to the proper committees of Congress, continuing studies and recommendations concerning the fiscal problems of the United States for a period of years. Such procedure will afford opportunity to seek cooperative collaboration with constructive leadership in the fields of industrial production, general business, agriculture, life insurance, investment banking, and organized labor and, finally, will necessitate a study of present and alternative systems of taxation, tax limitation, allocation, and budgetary control of Government in the future.

Banking cannot be content to serve only as opponents of current destructive trends. We must become active, constructive proponents of a revised, sound financial program. In such manner alone can we meet the responsibility of financial leadership which we must now assert or abdicate.

This Association should record its desire, and pledge its whole effort to secure the election to office, particularly to our Congress, of men pledged to serve our whole citizenship, and who will eschew allegiance to any pressure group, or minority bloc. This grave hour affords no ground for self-seeking by any group on the American sense. The United States needs a Congress and an administration of its Government, now and in the post-war period, which will consider in fairness, and seek equitable solution for the problems of every group and class of our citizens, impartially and without prejudice. Whether we are bankers or laborers, farmers or white collar workers, doctors or lawyers, business men or politicians, and whether organized or unorganized, all of us have a right to be treated by our Government as free American citizens.

As one writer has said so well—

> It will take a new honoring of first principles to get back to self-faith and to re-establish the integrity of our nation. To do this, to turn our backs on political opportunists and to resist the "inevitableness" of collectivism, requires a courage which is equivalent to the courage of America's pioneers.
>
> It requires sacrificial devotion, spiritual and intellectual conviction, and a genuine respect for the dignity of one's self as a man, for one's own work, one's place as the head of a family, as a member of a community, and as a citizen of a stable and prosperous nation.
>
> Men are the essential element of the nation which will be precisely what they are.

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Paternalism In Government Should Be Abolished

(Continued from page 1191)

the other American nations have been removed." "Great credit," he declared, "is due to the President and Mr. Hull for their far-sighted diplomacy resulting in the well-known Good-Neighbor Policy," stating that after the last World War we failed to make the most of our opportunity in the development of trade with Latin America, particularly in the banking field," he reminded the bankers that "now again opportunity knocks at our door" and that "we should not fail this time."

In his remarks in the third part of his report, Mr. Hemingway had the following to say in part:

By reason of the rivalries of the Old World the old order has passed and the struggles of two world wars have thrust us into a position of leadership. It may be true that this great responsibility has come too soon, that we are not prepared by either experience or training to render the full service the world needs from us today, but we cannot escape it. Shrink as we may, we must face the facts. In this great work that lies ahead of us a sound financial program must be the foundation on which to build the structure of peace and goodwill throughout the world.

If national budgets go unbalanced and currencies remain redeemable only at the will of government there can be no stability to world trade, no permanent prosperity and no lasting peace. It therefore behooves the bankers of this country, as experts in these matters of money and finance, to point the way for the Statesmen to follow in shaping the peace. I do not mean that we should attempt to write the terms of the peace but only that we give our counsel and advice on those matters with which we are familiarilar by reason of our calling.

In order to be prepared to give this assistance I have, with the approval of the Executive Council, appointed a committee of able bankers which is now at work studying and analyzing the needs of the several countries so that they may recommend plans for the stabilization of currencies, the establishment, where necessary, of sound banking systems and the maintenance of an international exchange based on gold which will assure exporters and importers everywhere a stable money, so necessary for the free flow of goods from one country to another.

If after the victory the world is again to be a place where peace and plenty dwell, we, as the richest and strongest of the nations, must use our wealth and our strength to help restore the less fortunate countries. We should be generous, we must be practical. We can help the world back to prosperity again only if we use our resources wisely. To do this there must be cooperation with the other nations and especially with those that comprise the British Commonwealth of Nations.

From the first part of Mr. Hemingway's address as President, we quote.

It seems to me that the best preparation we can make for the future is to secure the recognition by our fellow citizens of certain principles which will be used as criteria in the consideration of any question which may arise. Among these are the preservation of the integrity of contracts, the inviolability of the right of a person to own property and the protection of his enjoyment in its use, and the repudiation of the principle that the government can create wealth and can direct the affairs of its citizens better than they themselves can. We know that, unless these truths are recognized by the great majority of our people, the system of private enterprise is doomed, and the American way of life, which has been the envy of the world, will be destroyed by enemies from within while we are fighting to defend ourselves from enemies from without.

A continuation of government deficits coupled with bureaucratic control of the daily lives of our people can only lead to state socialism and dictatorship, the very thing we are fighting to destroy in other lands. We already have instances of the encroachment of government on the private enterprise system under the guise of emergency in the establishment of government lending agencies. There is danger of these becoming permanent.

This is especially true in the field of agricultural credits. Due to the long and deep depression in agriculture, drastic methods were used to revive it and relief in various forms was administered. Happily the patient has recovered and is in good health again. Therefore there should now be no great difficulty in devising a program that will ensure the farmer all reasonable financial assistance, and at the same time provide for a continuance of banking in the field of private enterprise, thus relieving the heavily burdened Treasury of the necessity of providing funds for some twenty-three lending agencies. To make clear the Association's policy on this subject, after approval by the Interim Committee, the Agricultural Commission and the Food-for-Freedom Committee, I issued at St. Louis on January 20 of this year a statement which in part reads as follows:

> We recognize the right of farmers or any other group to establish, operate, and maintain cooperative credit enterprises. We believe, however, that such institutions should be operated on a self-supporting basis and that income should be adequate to cover the costs of operation, including credit losses. Continuing losses of any such institutions should not be subsidized out of the Federal Treasury.
>
> We believe that the present subsidies enjoyed by the production Credit Association in the form of government capital should be returned to the United States Treasury, as soon as practicable.

This policy should be adhered to.

We have been told on many occasions that the bankers are looked to for advice and guidance, and that they are regarded as leaders in their communities. Let us accept then this leadership and boldly denounce as unsound those men and measures which lead to the destruction of our American economy, and let us again proclaim that energy and enterprise, self-denial and thrift provide the only road to individual and national prosperity. The same rules that apply to the conduct of the individual hold true for the government. Neither can waste money without injury. Each must live within the income provided or in the end face disaster. during an emergency old rules may be temporarily suspended. The great depression saw the abandonment of sacred principles under the stress of emergency. The global war left us no choice but that of arming to win. It is hoped that our youthful strength and great resources will enable us to survive these two great blows, but certainly we cannot expect to weather another emergency if we follow the same course of excessive spending and taxing.

And again let us emphasize the necessity for the abolition of paternalism in government. The American people have always had a sound government because they were jealous of the power of government. From the very beginning of our national life restrictions have been placed about the authority of our elected officials. But recently we have seen practically unlimited powers given to the Executive Department on the ground that they are necessary to meet the emergency. Granting that this be true, it should be so only during the emergency.

(Continued on page 1208)

Missing...

"Missing in action." You know what that can mean.

Mom says you must be brave. "It's what your father would expect of us," she tells you when it's bedtime and your chin starts to feel shaky. Then she kisses you extra hard and turns her head away so you can't see her eyes.

You've never let her see you cry. Not once, since that telegram came and she twisted it all up in a ball, then smoothed it and put it in the desk.

But, lying in bed, you play "Pretend"—pretend you can hear his step as he comes up to your room—pretend you can feel a stubble brush your forehead. And sometimes, in the dark, you can almost smell a cigarette-y suit close to your face.

Later you dream—dreams that you don't tell about. And in the morning you wake up with that funny, empty feeling in your stomach.

* * *

Poor little guy. We—all of us—wish there were something we could do. Perhaps there is. Why shouldn't it be this?

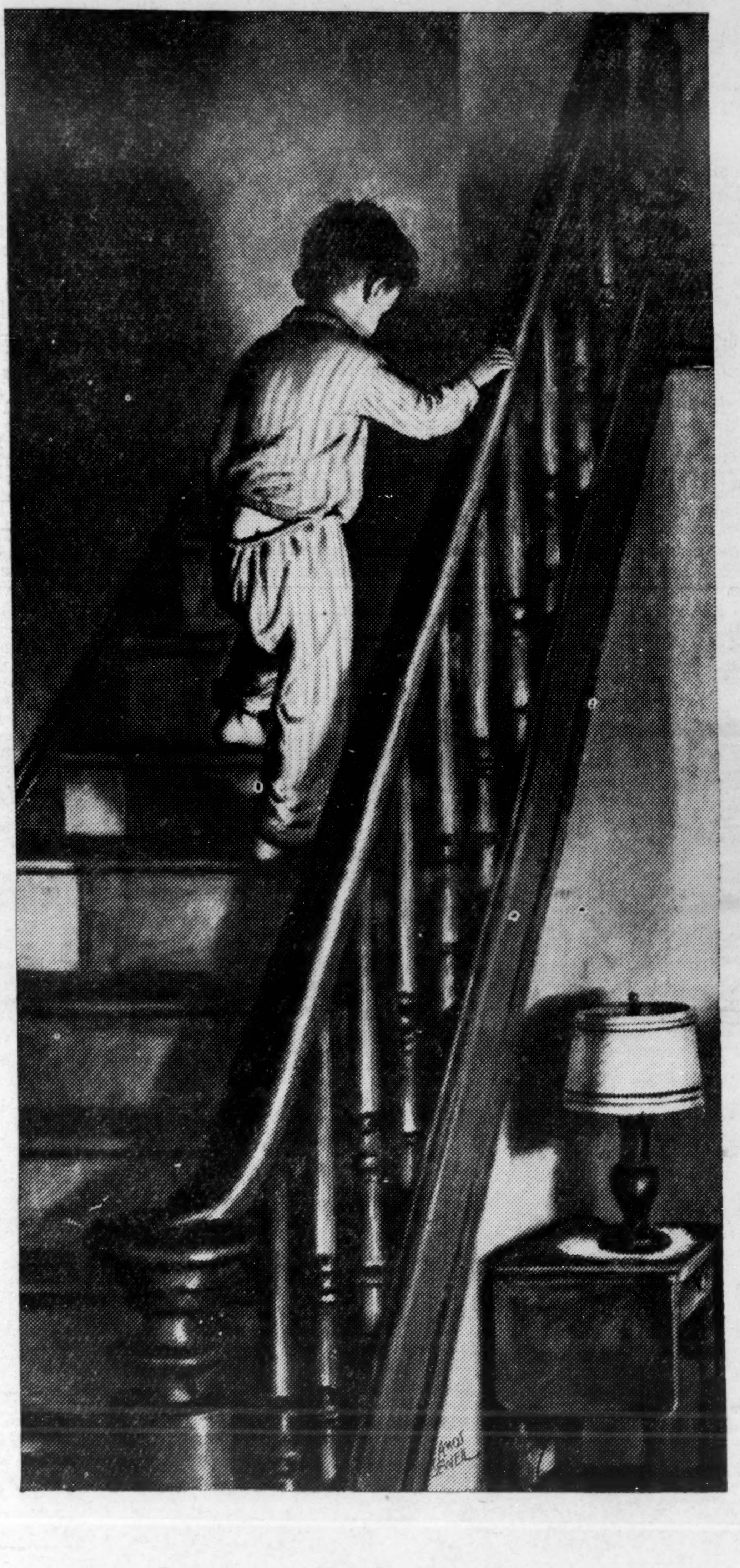
We can resolve that the plans your father had for you shall remain within your reach, that you shall have the chance to grow and learn, that your opportunities will be bounded only by your own get-up-and-go, that you will progress and prosper in direct relation to your own ability—in a land of freedom and opportunity.

Those are the things your Dad valued, the things for which he gave his life. Though some may strive to change all that—provide you with the "benefits" of an all-powerful government, the "advantages" of regimentation, the "blessings" of bureaucracy—we can resolve they won't succeed.

* * *

You, son, won't read these words, and if you did, they wouldn't mean much to you now. But your father's friends—known and unknown—are making you a promise, just the same.

You may never hear it from their lips. But if you were older you would read it in their faces—recognize it in their spirit. They are determined to keep America free. To keep it a land in which government is the servant, not the master of the people. To keep it the kind of America your Dad wanted to preserve—for you.



CHESAPEAKE AND OHIO RAILWAY

CLEVELAND, OHIO

Paternalism In Government Should Be Abolished

(Continued from page 1206)

A year ago in this building I stated that we would support our Commander-in-Chief to the limit in the war effort. A glance at the activities of the banks and bankers is ample proof of our compliance with that statement. In every way we have helped the nation's war program and we will continue to assist our valiant President. Although some of us are of opposite political faith, and others of us have opposed many of the President's policies, nevertheless we have wholeheartedly worked in the ranks with our fellow Americans in furtherance of his war program. Although we have felt at times that the methods and measures adopted have been ill-advised, yet we have, like good soldiers, carried on. We have sold bonds, kept books in terms of sugar, gasoline, and other ration points, and now we are acting as tax collectors, all on a basis of no profit to ourselves and often at considerable expense. But the obligation to serve does not rest solely upon us. There is also an obligation binding the President, and that is that he not permit men in his administration to take advantage of the war emergency to permanently fasten upon us an economy alien to our traditions. I think it not amiss for us also to ask him to see that politics is shoved into the background. For the second time in our generation destiny has placed a president of the United States in a unique position to render great service not only to his own country but to all mankind. Let us pray that this opportunity will not be lost.

A year ago I also offered our assistance to the Secretary of the Treasury in his task of financing the war. That offer was accepted, and, as you know, our Association has worked closely with the Treasury in the drives for the sale of bonds. We have been glad to render this service to our government and to our country. But we have a further obligation and that is to see, insofar as in us lies the power, that the integrity of the government bonds is preserved. While we are prepared to continue to finance the war, no matter how long the road may be, I hope this convention will make known in no uncertain terms that the banks will not accept the responsibility for the consequences if a third emergency is declared after the war and another program of government spending is undertaken.

No one can argue successfully that we need more money in circulation. The currency outstanding exceeds 18 billions of dollars, whereas in the boom year of 1929 it was less than 5 billions. Bank deposits today are more than 88 billions as against 56 billions in 1929. What excuse can there be then after the war for further government spending to make work and put money in the hands of the people? The only reason is that of political expediency. If public works are needed after the war, let them be provided by local governments — state and municipal. These governments have been paying their debts and are in good credit, therefore are able to pay for what they want and need. Furthermore, and this is important, there is a check on these expenditures because the people have to vote the bonds at an election held for the purpose.

It is time for the people of this straining our resources to fight this war, and if we are to have a country to realize that we are return to economic health it must be by the orthodox way of work and save. And in addition to economic health if we are to preserve in this land the American way of life that our forefathers established for us we need a genuine understanding of spiritual values. We have been living face to face with the fundamentals of life and learning to appraise things at their true values and we have certainly learned that man cannot live by bread alone.

Any reference to the Treasury immediately brings to mind the present drive for the sale of the Third War Loan. Bankers everywhere are hard at work acting as state chairmen, committeemen, salesmen, in fact in every capacity, to make this drive a huge success. Let us all redouble our efforts and show our boys on the fighting fronts that, proud of their courage and skill, we are fighting the battle of the home front and that they can count on us to back the attack so that a glorious victory will soon be won.

And let us all determine that when the war has been won and we have brought our boys home they will find a country where the government is the servant of its people and not its master, where the bureaucrats no longer direct the lives of the people by departmental regulations, where no class of the people is soothed into obeying the planners in Washington by bounties from the Federal Treasury, where the powers of local government are no longer usurped by the Federal Government, in a word, the kind of government that has brought us to world leadership.

In his remarks as to Latin-America in the second part of his address Mr. Hemingway had the following to say in part:

It seems axiomatic that unless we can conduct our affairs at home intelligently we cannot hope to gain success abroad, and I think it was clearly brought out this morning that the biggest problem facing us is the relation of business to government. This also extends into our foreign relations.

One of the most important functions of government is the conduct of our relations with foreign countries. Generally speaking, our foreign policy has followed a rather consistent pattern from the beginning, regardless of which political party was in power, but under the present administration those irritants that were present in our relations with the other American nations have been removed. Great credit is due to the President and Mr. Hull for their far-sighted diplomacy resulting in the well-known Good Neighbor Policy.

In that field also the relations between government and banking must be wisely determined or a great opportunity to develop hemisphere solidarity may be lost. Each has a place in any program for expansion of our political and economic influence, and by pulling together great progress can be made. In fact, each should supplement the work of the other. It seems to me that the division should be on the basis of the character of financing that is to be done. If it is of a purely political nature or for military reasons it should be left solely to government, but if it falls into the regular routine of business it should be in the hands of the banks. Naturally, it will be in the borderline cases that misunderstanding may arise and it is in the determination of those cases that there is need for a sympathetic understanding and unity of purpose if we are to get the best results. Twice before we have had a chance to improve our trade with our southern neighbors, but each time we failed.

The first impetus to a closer relationship with Latin America was after the Spanish-American War. At that time a great interest was aroused to develop closer cultural and trade relations with the other American republics, but it was abortive. Our own internal affairs so occupied us that we did not succeed in meeting the competition of the great European nations.

Again during the last World War the inability of the European nations to carry on their trade with Latin America brought about a larger business with us and after the war we attempted to develop this business on a large scale. Again we failed to make the most of our opportunity due to unwise methods, quickly and loosely developed, particularly in the banking field. Now again opportunity knocks at our door. We should not fail this time because conditions are very different now.

The use of the aeroplane now puts within each reach places that used to be very inaccessible and makes possible the development of areas hitherto undeveloped with a resultant growth in the production of all kinds of products, some of which will flow into the arteries of trade for the first time. This also means the building up of closer business and personal relations between the peoples of all the American nations. We will be drawn together in a way never before dreamed of and a great volume of trade can and will be developed between nations of this hemisphere which will result in greater prosperity for all.

To make the most of these opportunities there must be free discussion between the people of the various countries thus opening up the different points of view.

"We fight not to enslave,
but to set a country free,
and to make room upon
the earth for honest men
to live in."
—Thomas Paine
MERCANTILE-COMMERCE
Bank and Trust Company
SAINT LOUIS
LOCUST-EIGHTH-ST. CHARLES
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

What Is Ahead In The Americas?

(Continued from page 1201)

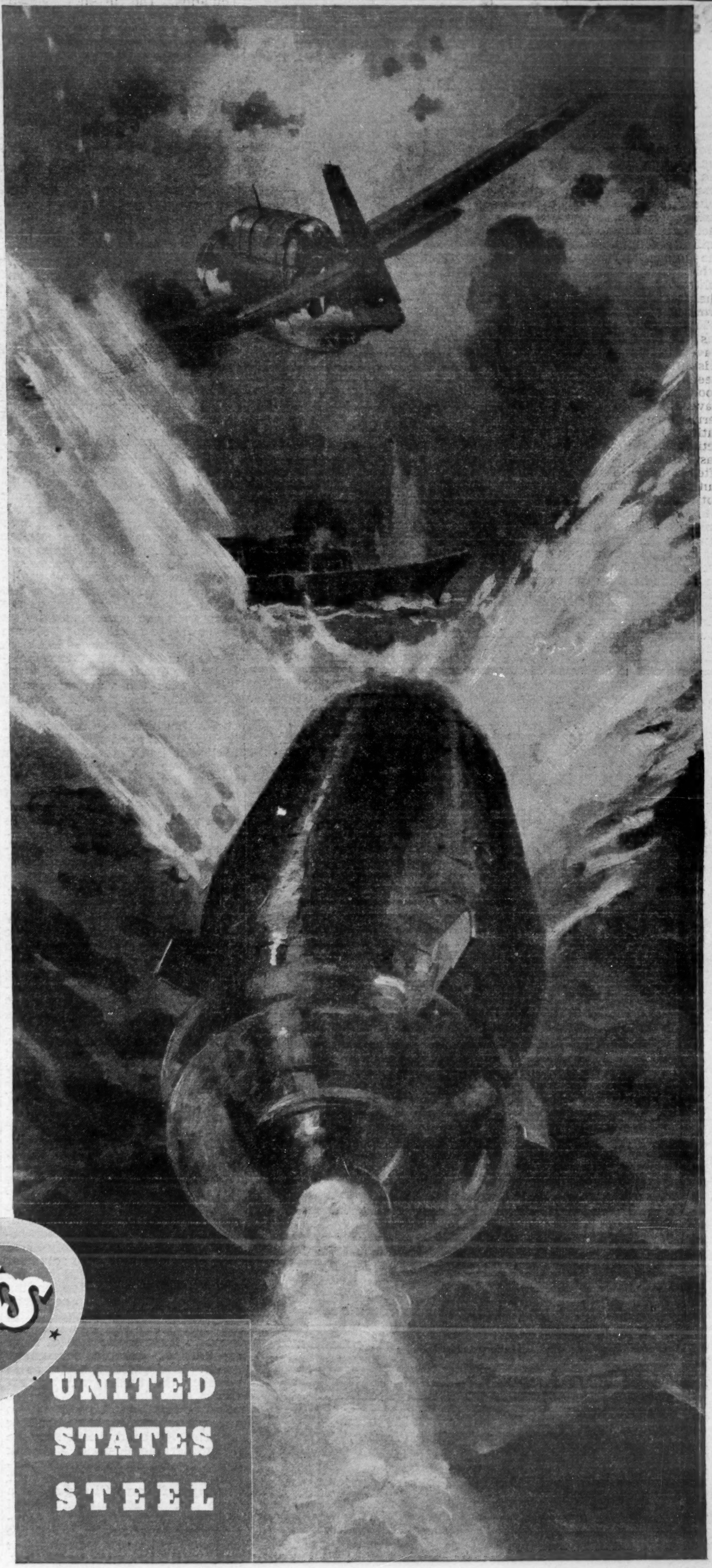
equipment is to be anticipated in South America, then the facilities for financing consumer credit on an instalment basis will have to be greatly augmented. This is one problem to which the financial minds of our country and the other American countries might well apply themselves.

The approach to the further development of commercial relationships among the American publics has been greatly assisted by the establishment of the Office of the Coordinator of Inter-American Affairs, as well as that of the Inter-American Development Commission, which two offices work in close collaboration. Both are under the able direction of Nelson A. Rockefeller. The facilities of those offices are available for the use of bankers and business men.

In conclusion, let me say that I think it is highly appropriate that the bankers of the United States should post themselves on future possibilities within this western hemisphere. It might indeed be a helpful move if the American Bankers Association should give consideration to organizing an inter-American division.

It is significant that this Association is devoting an entire session of this convention to the discussion of inter-American relations. That is more than a straw in the wind. It is significant also that a distinguished Canadian banker was invited to address us at this session, representing the great nation to the north of us with which we enjoy so close and so friendly a relationship. It is equally encouraging to have with us as a guest speaker at our session today a prominent member of the banking fraternity in Mexico, our neighbor to the south which likewise is standing side by side with us in the grim battle against the forces of the Axis.

The membership of the American Bankers Association represents more than a cross section of the people of our nation. It represents responsible leadership in local communities and it is that type of leadership which must give impetus to the sound policies and wise financial statesmanship of our country in the post-war world. We face immense responsibilities and great opportunities in that period. We must ask ourselves this one primary question: How good a job are we going to do?



The flying fish with a steel lung

FIRST it flies. Then it swims. And anything it hits goes boom!

It's Uncle Sam's aerial torpedo. The kind our torpedo bombers are using these days to deal out grief to Axis ships.

Inside this "flying fish" is a steel lung, full of compressed air. When the torpedo is released, the compressed air drives it viciously toward its target.

A special kind of steel is needed to make the steel lung. It has to be thin and light to help reduce to a minimum the load the torpedo plane must carry. And it has to be very strong—to withstand air pressure of many hundreds of pounds per square inch.

The special steel for the lungs of aerial torpedoes is just one of the many developments that have emerged from United States Steel laboratories to help win the war.

You've read about some of the others: special steel springs for torpedoes and bombs; portable steel landing mats for bombers; new steels for aviation; tin plate, made with only a fraction of the precious tin once needed.

Will they benefit *you* after the war?

You can be sure they will. For then the new steels inspired by war will be ready to serve you in a thousand peacetime products . . . from lawn mowers to skyscrapers. You'll find that the U·S·S Label means more than ever on the goods you buy. And that no other material rivals steel in usefulness and long-range economy.

NEW STEELS FOR AMERICA

BUY WAR BONDS EVERY PAY DAY

The money you loan builds America's war strength. Yours again to spend in years to come . . . for new comforts, products of steel, things for better living.

AMERICAN BRIDGE COMPANY · AMERICAN STEEL & WIRE COMPANY · BOYLE MANUFACTURING COMPANY · CARNEGIE-ILLINOIS STEEL CORPORATION · COLUMBIA STEEL COMPANY · CYCLONE FENCE DIVISION · FEDERAL SHIPBUILDING & DRY DOCK COMPANY · NATIONAL TUBE COMPANY · OIL WELL SUPPLY COMPANY TENNESSEE COAL, IRON & RAILROAD COMPANY · TUBULAR ALLOY STEEL CORPORATION · UNITED STATES STEEL EXPORT COMPANY · UNITED STATES STEEL SUPPLY COMPANY · UNIVERSAL ATLAS CEMENT COMPANY · VIRGINIA BRIDGE COMPANY

Bankers Urged To Adopt Investment Policy Now

(Continued from page 1199)

economic agitators who will endeavor to alleviate the burden of the public debt at the expense of the banking system. Some problems will be internal and their solution will depend upon the ability of the banks to adjust their activities to the then prevailing economic conditions. If the banks are aware of these problems and study them carefully now, they will be in a position to meet and overcome them when they arise.

The rapidly mounting public debt is bound to create serious problems for the banks. Nobody, of course, can tell what the public debt will be at the end of the war nor what the debt service may amount to. One may, however, assume that the annual debt service in the post-war period may reach the staggering sum of four to six billion dollars. Efforts will be made to reduce this debt service, particularly if an undue proportion of the total public debt is held by relatively few institutions. Efforts will also be made to liquidate the public debt or drastically reduce it through unorthodox means. If a large portion of the debt is held by the banks and a few insurance companies and a considerable portion of the total debt service is paid them by the Government, those who have in the past advocated the adoption of the 100% reserve banking plan will again recommend it with renewed vigor as a means of solving the debt problem and alleviating the tax burden. The introduction of this plan would wreck the banking system and would lead to the ultimate establishment of a system of Government-owned banks. It has already been advocated that the Government reduce the interest paid to the banking institutions. Such a development would drastically curtail the earnings of the banks and would force many out of existence. Then there are those who advocate that the burden of the public debt be alleviated either through the issue of paper money or the further revaluation of the dollar, the resulting gold profit to be used for the purpose of retiring public debt. Such a development would lead to the most violent kind of inflation, wipe out or materially reduce the liquid wealth of the nation and destroy the middle class, which in turn would be followed by serious economic and political changes.

What can the banks do to combat these dangers? In the first place, every effort should be made by them to distribute Government securities among the public at large. The wider these are distributed the smaller will be the danger of inflation during the war and the less will the people be influenced by demagogues or misguided advocates of new banking theories or of ways to liquidate the debt without the payment of taxes. Education is a powerful weapon and the people at large should be educated and be made aware of the ultimate consequences of these schemes. The public must be educated now to the fact that there is no easy solution to the debt problem that this can be achieved only through increased work and thrift and that inflation is the most unsound form of taxation that can be imposed on any nation. The process of education should start now and it should not be delayed until it may be too late.

During the decade prior to the outbreak of the war the number of Government lending agencies has grown rapidly, and in many fields of economic activity the private commercial banks are encountering considerable competition from them. Obviously a bank operating with private deposits cannot compete with agencies operating with taxpayers' money. Under the stress of war the number of these Governmental agencies has tended further to increase and efforts will be made after the war to retain and convert them so that they can function in peace time. So long as hostilities continue and the national economy is dominated by the war effort, there is little the banks can do about this situation. Now is the time to make careful studies as to the future relationship between private and Government banking. These should be undertaken jointly by the Government and by the banks with the view of clearly delineating the sphere of activity of each. In this connection the banks should bear in mind that if they fail to meet the legitimate needs for bank credit or if their charges are too high, the Government is bound to step in and replace them. The delineation of activities should apply to agricultural credit, short term as well as long term, to industrial and commercial credits, and to the financing of foreign transactions.

Considerable thought must also be given to the future of V loans. No unanimity of opinion exists among bankers as to whether V loans should be continued in the post-war period. Undoubtedly a limited need for Government-guaranteed loans will exist during the initial period of reconstruction. However, to perpetuate the system of V loans on a large scale after the war would tend to destroy the function of the banks. Careful studies, therefore, should be made now to determine how V loans should be ultimately liquidated and whether there may be a limited need for the continuation of these loans for a period after the war.

The problems discussed up to now will be thrust to a large extent on the banks and can be solved only through concerted action on the part of all. There are, however, a number of problems which will confront each individual bank separately and which each will have to solve for itself. First, there will be the necessity of adjusting the lending activities of the bank to economic conditions as they prevail after the war. There will be a need for loans to finance the sale of huge amounts of durable consumers' goods. The question arises as to whether the banks will aggressively seek this type of loan or whether this business will fall to a large extent to non-banking agencies. Second, there may be a considerable demand for bank credit by industries for reconversion purposes. The demand for this type of loan will depend to a large extent upon the price level and upon the liquidation of Government war contracts. Will the banks be willing to perform this traditional function, or will they, because of the sharp decline in the ratio of capital resources to deposits, adopt an extremely conservative policy? Third, one may expect that the volume of corporate securities offered in the market in the post-war period will be considerable. Will the banks adopt the same policy they did during the '20's and acquire large amounts of corporate bonds, thus furnishing the corporations the necessary working capital, or will they refrain from investing to any large extent in corporate bonds, thus making it necessary for corporations to have more recourse to bank credit? These problems will confront almost every bank in the country.

In addition, the larger banks, particularly those located in the financial centers, will be faced with the task of financing a considerable portion of the volume of international trade. It is quite evident that British institutions will not be in the same position to finance international trade as they were during the '20's or '30's. The same applies with even greater force to the banks of France, the Netherlands and other Continental European countries. Hence, the large banks of the United States will be called upon to perform the functions previously carried out to a large extent by those of the financial centers of Europe. On the whole, the experience of American banks with international business has not been entirely satisfactory and, as is well known, some types of transactions, particularly with Germany, have led to considerable losses.

The question arises, therefore, whether the large banks of the country will make the necessary preparations to meet this demand. Certain phases of international business are risky. Others, particularly those which restrict themselves primarily to the financing of the movement of commodities from one country to another, can be handled with a great deal of safety. Since international trade will have to be financed, if the banks of the country are not ready to do it, then it will be performed by the Government, and thus another phase of banking activity will have been lost to the private banks.

One of the most important problems that will confront the banks at the end of the war will be the handling of their Government securities. Let us visualize for a moment what the situation may be at that time. The amount of Government obligations held by the banks will be large. In addition, as heretofore pointed out, there is bound to be a considerable criss-cross movement of deposits from one section of the country to another. A number of corporations which had invested their surplus funds in Government securities will liquidate them in order to obtain the necessary cash for reconstruction and post-war expansion. Individuals who will have accumulated a considerable amount of series E bonds may also endeavor to redeem part of them in order to tide themselves over the relatively short period of unemployment which will follow the conclusion of hostilities, or for the purpose of buying durable consumers' goods and homes. Furthermore, at that time the Government may still be confronted with a deficit and may still have to have recourse to the open market for funds.

In addition, with the war over, there might be a widespread feeling that a material increase in interest rates may take place. It is, therefore, quite evident that under such circumstances the liquidation of medium and long term Government obligations by the banks would cause considerable embarrassment to the Treasury, to the reserve banks, as well as to the banks themselves. It would be necessary only for a few important banks to begin to liquidate part of their longer term Government obligations to set in motion a wave of selling which would be highly undesirable. It is, therefore, of the utmost importance that banks formulate their policies now in such a manner that the sale of medium and long term Government securities will not be necessary at the end of the war, irrespective of what conditions may prevail at that time. In holding such securities, the banks should bear in mind that there is absolutely no risk attached to them. The holders of such securities are certain to receive interest and principal on the due date. During the war the Treasury has refrained from offering the banks long term obligations, and the longest maturity of Government bonds offered them is ten years. By the end of the war, therefore, these securities will have a relatively short maturity. There would, therefore, be no excuse for individual banks to sell medium term or long term government obligations. Should one or the other large bank endeavor to do so, it would cause considerable resentment on the part of the monetary authorities and would afford additional ammunition to all those who may be devising schemes to alleviate the burden of public debt at the expense of the banks.

The time to reduce Government security holdings by the banks will be when the pent-up demand for commodities and the huge accumulation of purchasing power in the hands of the people create a high level of business activity and when the Treasury ceases to be dependent on the open market. At that time the liquidation of Government securities by banks will be wholesome because it will reduce the volume of bank deposits and thus counteract its increase created through new commercial loans.

Closely connected with this problem is the policy that banks should adopt toward the huge refunding operations that are bound to take place in the immediate post war period. At the end of the war the floating debt of the United States, consisting of Treasury bills, certificates of indebtedness, maturing notes and bonds, will be large indeed. A considerable portion of the floating debt will be held by the banks. It is quite certain that the Treasury will endeavor to refund its floating debt or a considerable portion thereof into medium and long term obligations, because it has long been recognized that an excessive floating debt is a serious danger to the financial stability of any country. Since the banks will hold a considerable portion of this floating debt, they will be vitally interested in how the refunding is carried out. Because of the decline in the ratio of capital resources to deposits, because of the uncertainty of the movement of deposits, and because of the uncertainty as to the future demand for bank credit on the part of industry and trade, the banks will endeavor to maintain a short position in Government obligations. They may, therefore, not be willing or able to convert their short term securities into long or medium term obligations.

It is also quite evident that it will be impossible to shift any substantial amounts of Government securities then held by the banks to ultimate investors, for, as was pointed out before, corporations as well as individuals may be sellers of Government securities. The amount of Government obligations that insurance companies and savings banks can acquire is definitely limited. Under these circumstances, therefore, it is clear that the banks will have to take new obligations in exchange for maturing bills,

Federal Intermediate Credit Bank
Consolidated Debentures *Offer*...

Liquidity

They always have a ready market. When their maturity is six months or less they may be purchased by Federal Reserve Banks and are acceptable as collateral for fifteen-day loans to member banks. The debentures are legal investment for trust funds, insurance companies and savings banks in New York and other states. They are eligible to secure fiduciary, trust and public funds, including war loan deposit accounts, under authority or control of officers of the United States. These joint and several obligations of the twelve Federal Intermediate Credit Banks are issued in maturities of three to twelve months.

THE FEDERAL INTERMEDIATE CREDIT BANKS

Information regarding the Consolidated Debentures, issued by these Banks, may be obtained from

CHARLES R. DUNN, *Fiscal Agent*
31 NASSAU STREET, NEW YORK 5, N. Y.

certificates and other Government obligations.

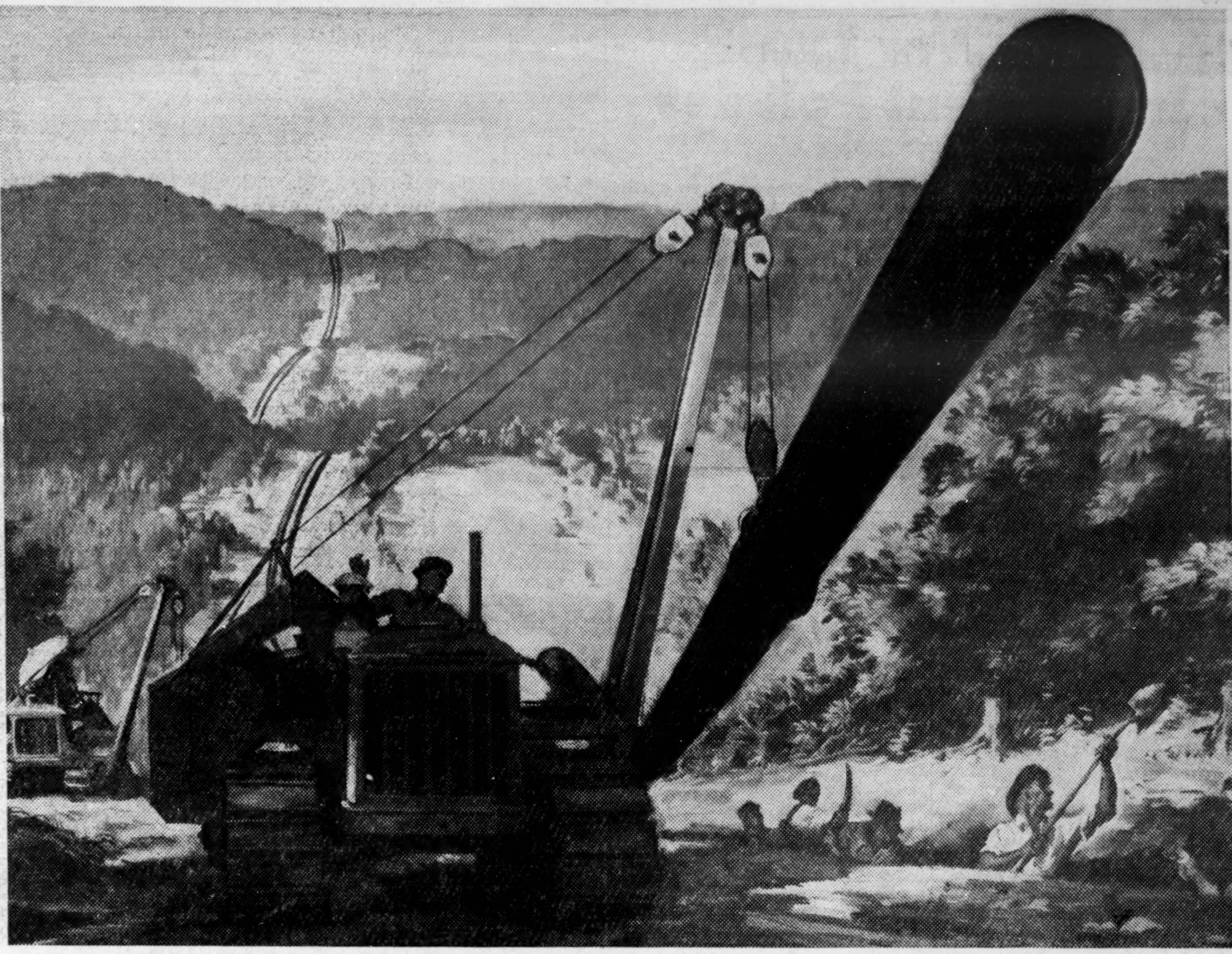
This problem, too, deserves the careful attention of the banks. Since the call market has ceased to play the important role in the money market that it did during the 20's and in view of the drastic reduction in the volume of commercial paper and bankers' acceptances, a substantially larger amount of short term Government obligations is necessary in order to maintain the liquidity of the banks as well as of the money market. Hence, a considerable floating debt will be necessary in the post-war period. The best solution to this problem would be for the Treasury, in cooperation with the banks after the war, to find a formula for converting gradually the short term into medium term government obligations. Through such a measure the liquidity of the banks could be maintained and yet at the same time the excessive floating debt could be gradually reduced.

In addition to the typically domestic problems that will arise out of the war and its aftermath, the banks of the country will be called upon to assist in the solution of a number of international problems in which they themselves are directly interested. Studies have already been made by various Governments concerning the stabilization of currencies. Although the plans so far are only tentative in character, and are subject to further modification, they clearly indicate what is in the minds of the respective Governments and how the future stabilization of currencies is visualized. It is already certain that some international organization will be established for the purpose of enabling foreign countries to stabilize their own currencies. There is a general desire to prevent currency wars and the depreciation of currencies by individual countries without regard to its effect on the national economies of other countries.

Closely connected with the stabilization of the currencies is the establishment of a sound relationship between the pound sterling and the dollar. Upon this relationship will depend not merely the value of the pound in terms of the United States currency but also the currencies of all British countries as well as those of several European and Latin American nations. The problem is a difficult one and will involve careful study not merely of the cost of production and of prices in each individual country, but also of the changed international economic position of Great Britain. It is of the utmost importance to the future peace of the world, and particularly to the future smooth working of international trade and finance, that close financial cooperation exist between the United States and the British Commonwealth of Nations. Although the problem of establishing a sound relationship between the pound and the dollar is a difficult one, it can be solved if each country will refrain from adopting a position which would be beneficial to itself but harmful to others.

The banks have a vital interest in these developments. It is their duty to advise and counsel the Governmental agencies in all matters relating to currency stabilization. They must make available to these agencies their knowledge and experience and see to it that the plans are workable and not merely visionary in character. Above all, it is to their interest to prevent the newly created organizations from destroying the international transactions of the private banks. They also should work for the removal of the various impediments imposed during the last decade on the international movement of funds and trade. It is not sufficient for the banks merely to criticize the va-

(Continued on page 1212)



THE WORLD'S LARGEST GUN— *and it's trained on Hitler!*

A FOURTEEN-HUNDRED-MILE-LONG tube, 24 inches across, is discharging a strange kind of shell against our enemies.

It's the oil that means power for our fighting planes, our tanks, our warships. It drives and lubricates the wheels of our war industry, helps keep our homes warm, too. "Big Inch" is a war weapon of tremendous might.

Big Inch—joint achievement of the U. S. Government and the petroleum industry—is no business venture aimed at profit. Tide Water Associated was one of eleven oil companies which did the long and complex topographical work, made the plans and blueprints. Then we turned them over, without charge, to the Government.

Every drop of oil that Big Inch can carry is sorely needed for bare necessities. *It brings to the East only 20% of the oil previously delivered by tankers.* There *still* remains a big gap between our needs and our supply.

YOU must stand guard over Big Inch!

You must help protect this life line—see that Big Inch's capacity isn't drained through a million "leaks" that carelessness can make.

For instance: you can correct your neighbor's mistaken idea that Big Inch will create a surplus of gasoline—an idea that can lead to the waste of gasoline.

You can make sure your own car gets the most out of precious gasoline by regularly having it checked for efficiency, and lubricated for free-running operation.

You can take advantage of summer to prepare for winter. A thorough insulating of your house during the slack season will prevent heat loss, and keep you more comfortable on less oil in cold weather.

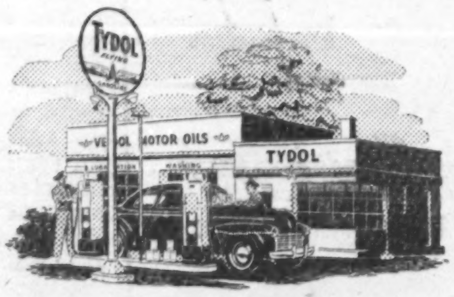
You can have your oil burner overhauled and adjusted for maximum efficiency.

You can plan a rearrangement of your home to permit closing off infrequently-used rooms to save oil.

You will want to do these things, of course, to benefit our country's fighters. You should do them to benefit yourself. You must *do them to make the great steel tube of Big Inch a deadly cannon blasting the strongholds of Hitler and his breed.*

TIDE WATER ASSOCIATED OIL COMPANY
NEW YORK • TULSA • SAN FRANCISCO

TYDOL FLYING A GASOLINE
OIL IS AMMUNITION • USE IT WISELY



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VEEDOL MOTOR OIL
CARE FOR YOUR CAR • FOR YOUR COUNTRY

BACK THE ATTACK!
Buy More War Bonds!

Post-War Trust Investment Policies

(Continued from first page)

anticipated that people will feel an almost irresistible urge to supply themselves with comforts and luxuries which they have been fairly willing to go without during the conflict itself. An inflationary price movement does not necessarily require as an initiating force an investment demand. Inflation, if it comes, will be initiated and carried far by the demand of consumers."

Reviewing methods of holding inflationary tendencies in leash, he finds price controls as the only practical means. "Obviously," he said, "price controls will be even more difficult than now during a period of slowly expanding production for civilian use. Who, for example, are to be the fortunate purchasers of say, the first two million new passenger cars at the time when there may well be a demand for eight million units? Whether the public itself will support a continuance of price controls is obviously one of the definite uncertainties of the future."

It is clear that all those who are at all concerned over the situation, he told the bankers, "strongly favor the continuance of governmental control, and certainly no group should be more definitely in favor of such controls than you who are charged with the administration of trust funds." So far as trust accounts are concerned he warned administrators that they cannot hedge income successfully, against a period of extreme inflation "and that if you attempt to do so the chances are that the outcome will be loss of principal."

The speaker outlined two fairly distinct types of inflation—one due to an intense investment demand, and the other due to an intense consumer demand, as to which he said:

"The investment type may last somewhat longer than the consumer type of inflation and it is the consumer type that we have to envisage as a possibilty following the return of peace. Inflation may then effect, "we can imagine, an increase of say, 100% in prices. I think we may also feel certain that the inflationary movement would not persist for many years, perhaps two, or at the most, three years. Then would come the collapse with a precipitate decline in prices, perhaps to the level that obtained when the movement started.

"If I am right in my assumption that the inflationary splurge would not be of long duration, then it may be presumed that the return on securities with a good coverage, including utilities, would not be reduced. During that period the recipient of income from trust funds would doubtless suffer as would many classes of wage-earners.

"One of the uncertainties arising out of inflation is due to the impossibility of knowing what particular companies will do when subjected to the inflationary virus. A consumer's spree is apt quickly to spread over into a producer's spree. Producers acquire enlarged quantities of raw materials in response to rapidly increasing orders, and distributors do the same, in the expectation that prices will advance still further, and that the demand will also further increase. This was the situation as it developed generally following the last war, when inflation also spread over into real estate and in particular into farm lands.'"

Dr. Sprague's address follows in full:

However hopeful we may be about the post-war world, the conditions which will then obtain are so uncertain that you can hardly expect me to reach definite conclusions about investment policies in the handling of trust funds. I shall do no more than examine certain factors, of which account must presumably be taken without venturing to be very positive about their practical application. The three factors which I propose to examine are government bond investment, the course of interest rates, and inflation. And finally, if time serves, I may venture to call attention to certain social and technological developments that may change the position of particular investment issues.

When you return home I suppose all of you will be actively engaged in the current war bond campaign and I presume that you will invest some part of all available cash funds belonging to your various accounts in government securities. No doubt you did this during previous bond sales and will continue to do so in future bond campaigns to the end of the war. Certainly, the same considerations that have led you personally to subscribe to war loans apply to the trust accounts which you administer now. There is surely no class or group in the community that even in its own purely selfish interest would be well advised to hold aloof. At the end of the war, then, we may presume that some portion of all trust accounts will have been invested in government bonds, and I think we may also assume that this condition will also continue for an indefinite period thereafter. In one interesting respect this will create a favorable situation for the beneficiaries of trust funds. In the past necessity of full investment, advantage could seldom be taken of bargain situations in the security market. A fund with a fair amount of Governments can benefit in such situations for I assume the market for government securities will be maintained in all circumstances—something that could hardly be said of other bonds, even those of the very highest rating.

I now come to the rate of interest, a matter of importance, not merely to holders of Government securities, but to holders of all other securities yielding a fixed return. During the years immediately preceding the war, interest rates declined to an abnormally low level. In part this was due to the easy money policy adopted by the Government as one of the means of dealing with the depression. There was a large increase of the volume of credit, both in the form of demand deposits and currency, but there was no response of prices. The mere increase in deposits and currency did not serve to bring about inflation. The explanation in the main seems to be that there was no adequate investment demand for funds and it was mainly with investors that the increased volume of funds found lodgment. The germs of the inflationary disease were abundantly present, but the body economic seems to have been immunized by the general absence of business confidence during those years.

During the war there has been an immense demand for funds on the part of the Government, far in excess of current savings. Consequently, it has been necessary for the Government to secure many billions from the banks, including the Federal Reserve banks, involving an unexampled further increase in the volume of demand deposits and currency. By this means it has been possible for the Government to finance the war with no increase in interest rates. This was a wise policy. There is no reason to believe that any significant amount of additional saving would have occurred had the Government offered a higher rate of return on its issue. Successive higher rates would have affected unfavorably all non-governmental outstanding issues of bonds and the better class of preferred stocks. Moreover, if one considers the long future, it may well be that the low rate of interest safeguards the principal of the bonds. Let us suppose that by the end of the war the total Government debt reaches $300,000,000,000. At an average cost to the Government of 2%, servicing the debt with moderate repayments would absorb a revenue of between $6,000,000,000 and $7,000,000,000 annually. Revenue required to meet this charge together with necessary Government expenditures for other purposes can, I think, be readily forthcoming without intolerable strain upon taxpayers. Suppose now that the rate were 4% and the annual debt charge $12,000,000,000. It requires no stretch of the imagination to envisage political action of one sort and another directed toward reducing the burden arising out of financing the war.

You will notice in what I have just said that I anticipate a further massive increase in the Government debt, and the question may well present itself: can the Government maintain current rates if it becomes necessary to increase the debt to anything like the figure I have mentioned—$300,000,000,000? I think there is no question about the answer, even if the possibilities of further expansion of credit were amply sufficient to take care of whatever amount may be required over and above what may be forthcoming from actual savings. It may very well prove necessary to reduce reserve quantities of member banks to what they were in 1936 and 1937. Doubtless, also, the Federal Reserve banks will hold a much greater total of Governments at the end of the war than now. There is also the possibility of reinforcing the Federal Reserve banks with gold certificates by making use of the so-called two billions of gold profit derived from depreciating the dollar in 1933. Maintenance of something like the present scale of interest rates, then, until the end of the war, seems to me one of the most definite certainties in the present situation.

In spite of the unprecedented increase that has taken place in the volume of demand deposits and the currency in circulation, and the further increase in prospect I do not anticipate an inflationary movement of prices during the continuance of the war. The body economic will continue to enjoy immunity in spite of the further rapid multiplication of inflationary germs. Patriotic restraints, rationing, price ceilings, and other Government policies seem to me altogether likely to maintain prices and costs in the neighborhood of present levels during the remainder of the con-

American Trust Company
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

STATEMENT OF CONDITION
JUNE 30, 1943

RESOURCES

Cash in Vault, on Deposit in Federal Reserve Bank and in Other Banks	$40,993,459.97	
U. S. Government Obligations, Direct or Fully Guaranteed	70,859,106.65	
Federal Intermediate Credit Bank Collateral Trust Debentures, Federal National Mortgage Association Notes and Federal Land Bank Bonds	1,122,548.90	
State of North Carolina and State of South Carolina Bonds	1,841,204.75	
Municipal Bonds and Notes	792,090.04	
Accrued Interest on Bonds	320,128.74	
		115,928,539.05
Loans		19,790,069.65
Cash Surrender Value Life Insurance Policies Carried on the Officers of the Bank		113,554.10
Stock Federal Reserve Bank and Other Stocks and Bonds		236,003.00
Income Earned But Not Collected		45,206.65
Prepaid Expenses		37,639.13
Customers' Liability on Letters of Credit and Acceptances		941,031.52
Banking House, Furniture and Fixtures and other real estate		544,061.80
		$137,636,104.90

LIABILITIES

Capital Stock		$1,200,000.00
Surplus	$3,000,000.00	
Undivided Profits	829,371.26	
		3,829,371.26
Reserve for Contingencies		1,000,000.00
Interest Collected But Not Earned	58,159.02	
Reserve for Taxes and Accrued Expense	130,818.89	
		188,977.91
Letters of Credit and Acceptances Outstanding		941,031.52
DEPOSITS—Gross	137,434,730.41	
Less—Reciprocal Deposits	6,958,006.20	
		130,476,724.21
		$137,636,104.90

Assets and Liabilities of Insurance and Trust Departments
Not Included in Above Statement.

American Trust Company
MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Member Federal Reserve System
Charlotte, North Carolina
LARGEST BANK IN THE CAROLINAS
ALL UNDER ONE ROOF

Bankers Should Adopt Investment Policy Now

(Continued from page 1211)

rious reports and plans. What is more important is to point out specifically wherein the individual currency stabilization plans are weak and are bound to fail, and to make constructive suggestions to improve them and to coordinate them at the same time with the facilities of the private institutions which have been engaged in international financial transactions for decades.

It is also the duty of the banks to give considerable thought to the question of restoring sound currency conditions at home. This implies such questions as the use of gold as a monetary metal and the removal of legislation passed during the depression of the '30's affecting the monetary system. All these questions are bound to have a direct effect on the operations of the banks and should be carefully studied by the banks as a whole with a view to making sound recommendations to the monetary authorities.

The war started by the Germans in the expectation that it would be over in a few months has entered its fifth year. While our enemies are still strong and will put up stiff resistance before they are forced to surrender, they are retreating on all fronts and their armor is beginning to crack. Victory will be ours because the fighting men of the United Nations know what they are fighting for—not for world conquest or for Lebensraum, not for glory—but that they and their children may follow peaceful ways and enjoy the fruits of their labor. In this fight they are backed by the might of American industry.

Many miracles have happened during the long struggle, but perhaps the greatest of all, at which people will continue to marvel in the future, is the rapid and efficient conversion of American industry into the arsenal of democracy. This feat has clearly demonstrated the vitality and inherent strength of the system of private enterprise which was described as decadent and moribund by so many during the period of the depression. American ingenuity, management and labor have forged, and are continuing to forge, the weapons which will destroy the enemies of humanity—the so-called master races, white and yellow—which have drenched the earth in blood.

The banks of the country have played an important and honorable role in this titanic struggle. They have stood ready at all times to meet the tremendous needs of the Treasury. They have played an important role in providing financial resources for industry and in the distribution of Government securities among the people of the country.

The time is not far distant when swords will be converted into plowshares and tanks into automobiles. A nation that could become within a relatively short time the arsenal of democracy and convert millions of peace-loving farmers, laborers and white collar people into formidable fighting men should not find it very difficult to return to its peaceful pursuits.

In this process of reconversion the banks of the country will have important functions to perform. Their ability to perform them will depend to a large extent upon the measures they take now. Above all, the banks should not forget that upon the solution of some of the problems which will confront them after the war will depend not merely their own future but that of the economic and political system of our country. Hence, while our energies are devoted to crushing the enemy, let us at the same time not forget the future. The problems that will confront us will be great indeed but they can be solved if all of us approach them in a spirit of good-will and understanding and work on the principle that what is best for the country as a whole is best for the individual.

flict. That has been the experience of countries that were in the war two years before we became engaged, and I see no reason to believe that our experience will change from the existing pattern.

After this long series of preliminary observations, I finally come to my subject proper, the post-war period. Can and will interest rates continue to be stable at the present low level, and will inflation be escaped? Here we enter a field crowded with uncertainties. Unlike the pre-war period, ownership in the expended currency and demand deposits is widespread throughout the community and a large fraction of the Government securities issued during the war contain security for their redemption at par on demand. Here we have the purchasing power for an intense demand for a far greater quantity of civilian goods and services than will be available for many months after the return of peace. Patriotic restraints will be weaker than now and it may be anticipated that people will feel an almost irresistible urge to supply themselves with comforts and luxuries which they have been fairly willing to go without during the conflict itself. An inflationary price movement does not necessarily require as an initiating force an investment demand. Inflation, if it comes, will be initiated and carried far by the demand of consumers. A demand of this sort cannot be restrained by monetary means. Credit contraction would not serve. Moreover, we may well be confident that this means of control will not even be tried, since it would involve a calamitous shrinkage in all bond values, including Government. Without doubt the Government will seek to maintain an active market for Government bonds on reasonably stable prices. The only practicable means of holding inflationary tendencies in leash is a continuance of price controls. Obviously, price controls will be even more difficult than now during a period of slowly expanding production for civilian use. Who, for example, are to be the fortunate purchasers of say, the first two million new passenger cars at the time when there may well be a demand for eight million units? Whether the public itself will support a continuance of price controls is obviously one of the definite uncertainties of the future. On the other hand, it is clear that all those who are at all concerned about satisfactory functioning economically in the future strongly favor the continuance of governmental control, and certainly no group should be more definitely in favor of such controls than you who are charged with the administration of trust funds. There are few individuals who seem able to fish successfully in troubled investment waters, and certainly you cannot expect to do so in the administration of trust funds.

I now come to the question of what to do about it in the event that the country should be so unfortunate as to pass through a period of inflation. So far as trust accounts are concerned I would say that you cannot hedge income successfully, against a period of extreme inflation, and that if you attempt to do so the chances are that the outcome will be loss of principal. As I see the matter, there are two fairly distinct types of inflation. One is due to an intense investment demand, and the other due to an intense consumer demand. The investment type may last somewhat longer than the consumer type of inflation and it is the consumer type that we have to envisage as a possibility following the return of peace. Inflation may then effect, we can imagine, an increase of say, 100% in prices. I think we may also feel certain that the inflationary movement would not persist for many years, perhaps two, or at the most, three years. Then would come the collapse with a precipitate decline of prices, perhaps even to the level that obtained when the movement started. If I am right in my assumption that the inflationary splurge would be of short duration then it may be presumed that the return on securities with a good coverage including utilities would not be reduced. During that period the recipient of income from trust funds would doubtless suffer as would many classes of wage-earners. That seems to be one of the inevitable consequences of inflation. If you seek to enlarge income step by step with the upward movement of prices you will be investing in companies that are with large profits but in companies that are likely to be seriously damaged when the collapse comes. For those of you who operate under the Prudent Investment Rule, portfolios will doubtless include various issues which appreciate under the impact of inflation. Profits on such issues should be taken if inflation comes, more generally than I think has been the practice in the past. To quote observation often heard in the London market, "Let the other fellow have the last crown—he'll earn it if he gets it."

It would probably be somewhat helpful in the management of trust accounts if some part of the profit from security sales, especially in periods of inflation, could be allocated to the income beneficiary. In any event, I feel that a portfolio containing a fair amount of government bonds will be in a good position to take advantage of bargain situations when the collapse from inflation occurs, since at that time we may feel confident the market for Governments will hold up better than any other class of securities.

One of the uncertainties arising out of inflation is due to the impossibility of knowing what particular companies will do when subjected to the inflationary virus. A consumer's spree is apt to spread quickly over into a producer's spree. Producers acquire enlarged quantities of raw materials in response to rapidly increasing orders, and distributors do the same, in the expectation that prices will advance still further, and that the demand will also further increase. This was the situation as it developed generally following the last war, when inflation also spread over into real estate and in particular into farm lands.

In a country with a small number of banks it is possible to impose some check on a spree of producers through concerted action. In this country we cannot rely upon effective restrain being exercised by the commercial banks. Owing to the multiplicity of banks, something like 15,000 in number, it may almost be said that borrowers have the whip hand, each bank fearing to lose desirable accounts. In the case of the farm lands it may be hoped

(Continued on page 1217)

Excalibur

"There likewise I beheld Excalibur
Before him at his crowning borne, the sword
That rose from out the bosom of the lake,"—
IDYLLS OF THE KING — *Tennyson*

It was by Magic that King Arthur received *Excalibur*, the gleaming sword that symbolized victory over his enemies.

By processes as mysterious to the layman as Merlin's Magic, the Rustless Iron and Steel Corporation is helping to forge another shining weapon for America. That weapon is Stainless Steel.

Because of its exceptional properties of high tensile strength and resistance to corrosion by heat, acid, and rust, Stainless Steel has long since become a "must" in the production of essential war equipment, such as chemicals, explosives, synthetic rubber, aircraft, warships and motorized units.

Serving and Conserving

RUSTLESS, devoted entirely to manufacturing high quality Stainless Steel, is doing two important war jobs:

First, *Serving* the Nation by producing more Stainless Steel than any other plant in the country. Day and night its employees are making certain that Uncle Sam gets all the Stainless Steel he needs.

Second, *Conserving Strategic Materials* . . . The unique RUSTLESS Processes in the manufacture of Stainless save great quantities of two critical metals—Chromium and Electrolytic Nickel—which are not only essential for the manufacture of Stainless Steel, but also for many other war requirements. By certain discoveries, RUSTLESS has found ways to achieve equal results through the use of ores charged direct into the furnace and by the recovery of Stainless Steel scrap, supplies of which are plentiful.

Therefore, to this twofold duty—*Serving* and *Conserving*—RUSTLESS has dedicated its highly specialized organization for both the winning of the war and the peace to follow.

RUSTLESS
IRON AND STEEL CORPORATION
BALTIMORE, MARYLAND
Rustless
Producing STAINLESS STEEL *Exclusively*

BUY MORE WAR BONDS

Investors Need A War-Time Stay In Execution Of The "Death Sentence"

(Continued from first page)

again should be in the mind of Congress when a particular section of the Act operates in a way which probably was not contemplated by many of its supporters, and certainly under circumstances beyond imagining by any of them in the peaceful days of 1935. Execution of the "death-sentence" on the terms now prescribed by the Securities and Exchange Commission, and in the utterly abnormal war period, would result in losses to investors that would be literally irreparable.

What is the "death sentence"? The Public Utility Act of 1935 consists of two parts. Title I has to do with holding company systems, and is administered by the Securities and Exchange Commission. Title II, which is administered by the Federal Power Commission, constitutes an amendment to the Federal Water Power Act originally adopted in 1920, and has to do with operating companies; with licensed hydro-electric projects on navigable streams, interstate transmission of energy, accounting matters, etc. This is an interesting story, in itself, but its telling has no place here.

Title I is generally known as the Holding Company Act. It consists of 33 sections, some of more and some of less importance, and it might be added that some are more enthusiastically enforced by the SEC than others. By far the most important and controversial is Section 11, in which the "death sentence" is expressed chiefly in two major subsections, Section 11 (b) and (1) is already famous as the territorial specification. Its object is to recast each holding company into a single integrated unit, with certain permissible adjuncts. The equally famous Section 11 (b) (2) relates to corporate structures. It sets forth the "grandfather" specification that no holding company system shall include more than three tiers of companies; for example, an operating company topped by one intermediate holding-company parent, topped in turn by the final holding-company grandparent. A quick mental attempt to fit into this pattern any of the larger holding-company systems as they exist today will make clear why Section 11 came to be known as the "death sentence."

Now to go back a bit. Mention was made above of the trinity of interests named in the Act—the interest of the public, and of investors, and of consumers. This reference occurs many, many times throughout the Act. Frequently all three are mentioned, seldom less than two. Accordingly, it seems well to take a quick look at the effect of the death sentence on the other two classes of interests before examing the interests of investors.

So far as the public interest is concerned, there is only one standard for measurement today—the war. To disturb those already doing a war job would be to risk a let-down in the war effort. The utility industry, as it stands now, is making an outstanding contribution to the war effort. Since execution of the death sentence now would radically change established relationships within a large segment of the industry, it would jeopardize an important cog in the war machine. It must, then, be against the public interest.

Consumers are concerned with the best possible service at the lowest possible rates. Execution of the death sentence means, in most cases, distribution of operating company common stocks to the investing public at large. No new investor is likely to hold as much as 10% of any one issue after distribution, because he would then be a holding company. And with utility common stocks spread so thin, no one will have a sufficient investment in the typical operating company to justify the expense of close supervision of its affairs. Because utilities do not compete with each other directly, and because each is influenced by many factors peculiar to itself, there are no ready means of comparing results.

On the contrary, a critical survey of utility operations is a highly specialized and technical matter. And in the absence of close and continuing supervision there would almost certainly be deterioration in many phases of the companies' performance. The industry is dynamic to the point where this deterioration would be serious in a very few years. The consumer would no longer get the best possible service at the lowest possible rates, and the public interest is involved because the national economy would suffer, in peace time as well as war time, from inferior utility operation. Certainly this problem is serious enough to warrant calm study, which obviously is impossible under the turbulent conditions of war.

To carry the point further, two instances may be cited. On April 29, 1943, the SEC approved the sale of Houston Lighting & Power Company common stock at competitive bidding as a step toward dissolution of National Power & Light Company, but on the condition that the Houston company cancelled its existing contract, and did not thereafter enter into any future contract, with the service company then assisting it in a managerial and supervisory capacity. Again, on Sept. 1, 1943, in approving the sale of Idaho Power Company common stock to the public, the Commission specifically required the utility to do the same thing. Yet these service companies, under Commission orders, operate on a non-profit basis, so that any contribution they make to operating clients is a clear gain. Nevertheless, these two utilities, among others, were forced by the SEC to sever established relationships in the present war emergency, and to face the many technical problems which the war will continue to force upon them without the expert advice and judgment to which they owe, in considerable part, their past success. It is difficult to see how this sort of thing contributes to the interest of consumers.

Investors, obviously, are affected by both the public interest and consumer interest in the death sentence. They are not a separate group, but rather part of the general public and the users of utility services. But they do have additional reasons for requiring a war-time stay in the execution of the death sentence.

It will be remembered that the Holding Company Act was designed in the "interest of investors in the securities of holding companies and their subsidiary companies and affiliates," among others. It is simpler first to consider the holders of subsidiary or operating company securities. These, of course, are principally senior securities, bonds and preferred stocks, since their common stocks are very largely owned by the holding units. But while operating company senior securities have undoubtedly been benefitted in the past by the operation of certain sections of the Act, they would be injured by execution of the death sentence today.

Utility senior securities are at the peak of their investment standing right now, and are the most highly regarded investment medium of any large industry. The principal investors in operating utility bonds are insurance companies, which means, indirectly, most individuals in the country. Insurance company holdings of these bonds are so huge that they would be difficult to market over any reasonable period of time at any reasonable prices. Accordingly, the insurance companies, by virtue of this condition alone and aside from any internal policies, are likely to remain large holders of utility bonds for many years. As such, they and their policyholders must be concerned about anything that tends toward deterioration of the utility industry. With the adverse effect of the death sentence in this direction already discussed, it becomes apparent that investors in operating utility senior securities need a stay on the death sentence until after the war.

But the most immediate interest in execution of the death sentence in the present emergency lies with the investor in holding company common stocks. His need for a stay is urgent. The typical holding company has outstanding debentures and preferred stock as well as common stock, and these debentures and preferred shares must be retired as the first step in dissolution. How can they be paid off? Generally, not in kind; not by the distribution of subsidiary common stocks, if reason and experience are any guide.

Take the case of National Power & Light Company. After retiring its debentures out of cash on hand, it offered Houston Lighting & Power Company common stock in exchange for its own preferred shares. Although the exchange offer was held open for a long period of time, and the paid help of security dealers finally was enlisted, only about half the holders of National Preferred, on the basis of shares held, accepted the offer, and only about half the Houston common stock was distributed. The other half had to be sold to underwriters for distribution to the public. And the effect on National's common stock holders was adverse. Where it received $51.85 per share for the Houston common at competitive bidding, that stock now is selling at 61. By being forced to dispose of Houston common when it did, National Power & Light and its common stockholders have lost about $2,500,000 in four months, and when the entire transaction is considered that loss runs to over $5,000,000 today.

United Gas Improvement Company is another example. Last December it proposed a plan of liquidation at SEC insistence, which was approved by the Commission and is now well along toward consummation. The plan was extremely ingenious. United Gas Improvement had no outstanding debt, but it did have $76,500,000 of $5 preferred stock at its liquidating value of $100 a share, which was redeemable at $110. This stock obviously had to be satisfied before liquidation could progress to the point of distribution of assets to the common stock. Under the doctrine upheld by the United States Supreme Court a few months later in the United Light & Power debenture case, U. G. I. probably could have paid off its preferred stock at $100 a share. But the company did not have $76,500,000 in cash, so an alternative had to be found.

An extremely ingenious exchange offer was evolved, which gave U. G. I. preferred stockholders part cash and the balance in new $1-dividend preference common stock of Philadelphia Electric Company. The new stock was made convertible into the same company's regular common on a sliding scale, starting at share for share. Taking the stated value of the new preference common as the base, the initial conversion was at $20 per share for Philadelphia Electric common. These conversion prices, however, could not have been picked out of thin air. To be worth anything they had to be related to the then market price of Philadelphia Electric's regular common. The initial price certainly had to be close enough to promise action within a reasonable period of time. The conclusion cannot be escaped, then,

KIDDER, PEABODY & CO.
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ALBANY . PROVIDENCE . NEWPORT . NEW BEDFORD
SPRINGFIELD . HARTFORD . LOWELL . BALTIMORE

The First National Bank
of Miami
EDWARD C. ROMFH, President

Greater Miami's Oldest
South Florida's Largest
Financial Institution

Under Same Management Since Organization in 1902

Member Federal Reserve System
and Federal Deposit Insurance Corporation

STRENGTH SECURITY SERVICE
1858 · 1943

CORN EXCHANGE
NATIONAL BANK
and Trust Company
PHILADELPHIA
Established 1858

Member Federal Deposit Insurance Corporation

that the offer to U. G. I. preferred holders of payment in cash and kind was equivalent to the sale of an asset at a price related to the market price of that asset.

To see the whole picture it is necessary to imagine oneself back in December, 1942. Utility preferred and common stocks had moved up somewhat in price during the preceding few months, but their prospects were far from clear. To show investor sentiment it might be pointed out that neither Moody's nor Standard & Poor's, the two largest and best known statistical and advisory services, had yet made any general purchase recommendations as to public utility stocks. "Preference common" stocks, moreover, were a classification which, while perhaps not entirely unknown, were at least so rare as to be difficult to appraise. And, finally, the Philadelphia Electric regular common, into which the new preference common was to be convertible, was worth about $14 or $15 a share in the market. All in all, it looked at that time as if the cash and securities offered U. G. I. preferred stockholders might be worth an aggregate more nearly $105 than $110 a share. As to the plan itself, it was regarded as favorable to U. G. I. common, because it offered a better work-out than previously had seemed possible, and as holding out enough prospects to preferred holders to forestall violent objection.

What is the situation now? Philadelphia Electric preference common is selling at about $25 a share and the regular common at around $20, thus making the overall offer to U. G. I. preferred holders worth $115 per share today. Assuming the old preferred could have been retired at $110 a share in cash, the excess price paid on the basis of current markets is $3,750,000. And if retirement could have been made at $100 a share, the excess is $11,250,000. These sums measure the loss to U. G. I. common stockholders in a period of a few months, because execution of the death sentence required the sale of an asset at market prices prevailing at the time of that execution. Moreover, this loss resulted under the terms of a plan which, at the time of its proposal, was so well received that it boosted the price of U. G. I. common to new levels.

The fault certainly does not lie with the U. G. I. plan. Where does it lie? The answer to this question exposes the root of the reason why it is completely unfair to utility investors to execute the death sentence in any period like the present. When a utility company is sold, it is like anything else offered for sale; it will bring only what the market will afford at the time. Sale by a holding company of its subsidiaries means sale of the latter's common stocks. So the market for utility common stocks determines the amount the holding company will realize.

Let's look at the record. Like all other stocks, utilities sold at fantastic prices in the hectic 1920s. A fair summary of the record must start by admitting that fact and conceding that the levels attained then are of no significance now. But it is equally fair to say that by 1932, utilities, again like other stocks, had been hammered down to rock-bottom levels. The Dow-Jones utility average made a **low** of 16.53 in 1932. Thereafter the high point of that average was 37.73 in 1933; 31.03 in 1934; 29.78 in 1935; 36.08 in 1936; 37.54 in 1937; 25.19 in 1938; 27.10 in 1939; 26.45 in 1940; 20.65 in 1941; and 14.94 in 1942. Today the average stands around 21.54.

This is, indeed, a sorry record. After an initial recovery from the appraisal-without-hope in 1932, utility stocks have sagged down and down without major interruption until last year. Never since 1933 has the average been as high as it was in that year. The highest average as late as 1942 was lower than the lowest average in 1932. And it might be added that the lowest last year was 10.58, which was less than two-thirds of the lowest in the calamitous days of 1932. Anybody connected with any business knows that such a market provides no reasonable opportunity to sell. It does not matter whether a man is the head of a large corporation, or a farmer, or the operator of the corner peanut machine, he would hang on for all he was worth until the market had a chance to right itself, and he could realize a price in keeping with the fair market value of his property.

Utility stocks, of course, are not in a vacuum. They sell in the same markets, on the same exchanges and to the same investors as do other stocks. Hence it is important to consider the market value of utility stocks in relation to the values of other classes of stocks. The Dow-Jones industrial average sold down to 41.22 in 1933. Never since has it even approached that figure. The highest in the meantime was 194.40 in 1937, near five times the 1932 low. It stands now around 138, more than three times the record low. Lest that record be considered biased and misrepresentative, consider the railroad stocks. Their index low in 1932 was 13.23; the average now is 34.22, or more than two and one-half times the 1932 figure. And when judging that record, remember the reams and reams of paper, and the hours and hours of discussion, devoted to proving that railroading is a "doomed industry!"

On the basis of the record there can be no doubt that forced sale of utility stocks at this time would unjustly penalize the holder, both positively in the dollars he would receive and relatively as compared with other components in the national economy.

Why have utility stocks fared so badly? Is there reason to think they can do better in the future? If the answer is in the negative, sale at this time is as good as any. But if it is in the affirmative, holding company stockholders are entitled to a chance to realize on that improvement.

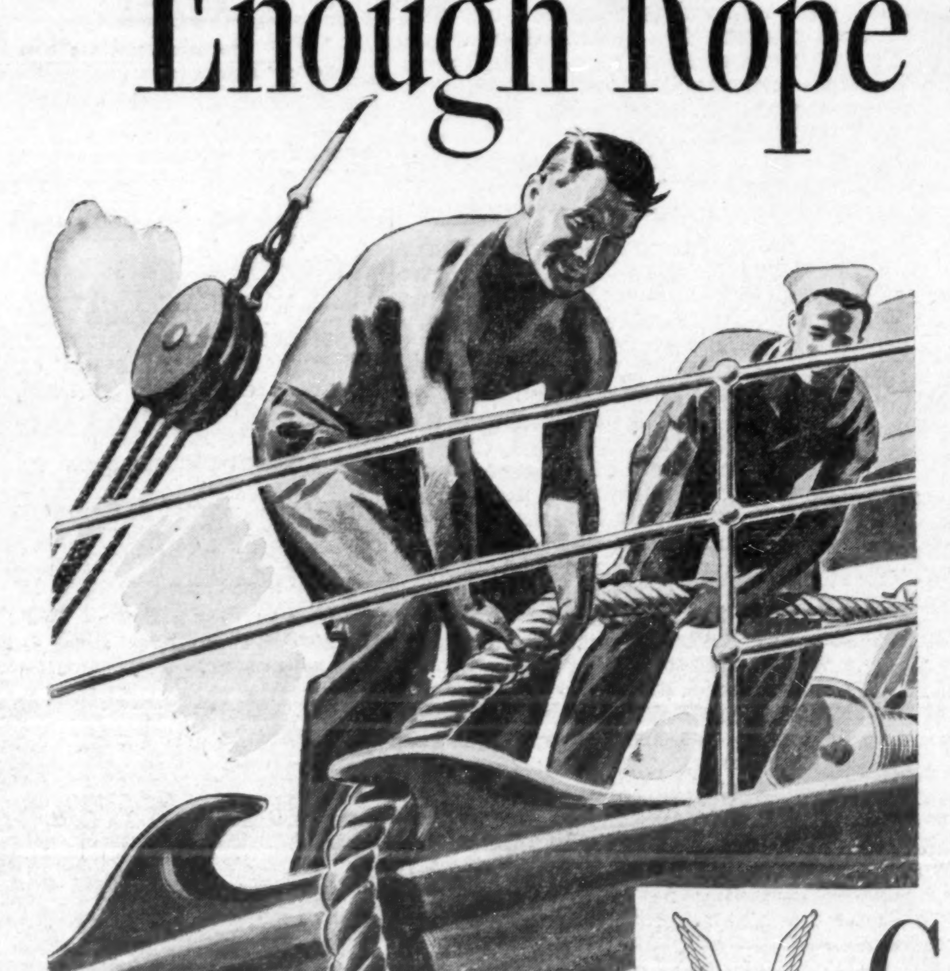
No extended argument is needed to show that utilities constitute a basically sound and growing industry. Their market expanded almost without interruption all during the depression period and after, when the prices of their stocks crumbled. New uses are constantly being developed for the services they render. Their ability to meet the demands made upon them never has been questioned by informed and unprejudiced observers. In his letter of July 24, J. A. Krug, Director of the Office of War Utilities,, said of the electric utility industry, "the installed generating capacity, together with the capacity now under construction, is ample to meet all foreseeable electric demands." By retirement of senior securities, capital structures are markedly better than they were. Accounting methods have been standardized and improved in certain respects. Rates are declining steadily. Management is better, by force of circumstances if nothing else. And utility bonds command the highest prices of any large industry and are most sought after by experienced investors.

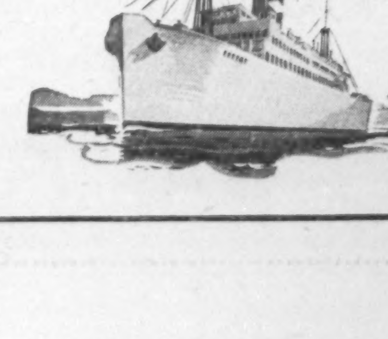
But if the difficulty is not fundamental, what is it? In the 1930s new concepts of regulation were introduced in the utility field. The Public Utility Act of 1935, administered by the SEC as to Title I and by the Federal Power Commission as to Title II, was by far the most important. Being new, the concepts had to be experimental to a large extent. Legislation in which they were embodied had to be written as framework only, the substance to be filled in by administrative bodies. At best, legislation of this character will create uncertainties in the minds of investors. The records of administrative bodies, moreover, have not always been of the best. For instance, the Securities and Exchange Commission, a five-man body, has had 15 different members in its eight years of existence, and it has had six different chairmen. Numerous changes in Commission policy and interpretation of the Holding Company Act have been the logical result.

With reference to the death sentence specifically, the Commission's early ideas, when the Act was fresh out of Congress, ran to the belief that swaps of operating properties between holding company systems would result in practical integration of systems without inconvenience or loss to investors. But the Commission's present ideas are much more extreme. A very narrow interpretation is put on the death sentence, making liquidation the only course possible in the great majority of cases. Thus, the uncertainties in the monds of investors grew into actual fears. And the greatest fear soon came to be that of future developments in enforcement which, on the record, could only be worse than those of the past. Is it any wonder that utility stocks were offered for sale in large volume in a market containing few buyers, and therefore declined in price?

That alone was not bad enough.

(Continued on page 1216)





Enough Rope to hang the Axis

Critical rope shortage averted by plantings in Middle America

Yes, they're growing rope down in the American tropics today . . . the tough Manila rope our navy and merchant marine must have! Yet only two years ago we were practically dependent on the Dutch East Indies and the Philippines for hemp.

But fortunately years ago the U. S. Dept. of Agriculture saw the wisdom of establishing a source of abaca (Manila Hemp) in the Western Hemisphere. They arranged for the importation of a small lot of planting material, which the United Fruit Co. planted on its land in Panama.

Then came Pearl Harbor. Our country was cut off from Far Eastern rope supplies. But the abaca seedlings were ready! Our government, through the Defense Supplies Corporation, and with the co-operation of four Middle American governments, arranged to step up these plantings.

Today our navy and merchant marine are assured of enough sea-going rope to fill their immediate need—*enough rope to hang the Axis.*

* * * *

Trim liners of the Great White Fleet—now on war duty—for many years brought to northern markets countless cargoes of nourishing bananas. One day they will return to the Caribbean trade. When they do, a new Middle American crop will find space in their commodious holds—*abaca,* the finest rope fibre known—to meet the needs of peace-time shipping.

Great White Fleet

UNITED FRUIT COMPANY

GUATEMALA ★ EL SALVADOR ★ HONDURAS ★ NICARAGUA ★ COSTA RICA
PANAMA ★ COLOMBIA ★ CUBA ★ JAMAICA, B.W.I.

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Municipal News & Notes

A banking group headed by Blyth & Co., Inc., Kaiser & Co. and John Nuveen & Co. was the successful bidder for the $6,000,000 Imperial Irrigation District, Calif., electric revenue bonds, eighth issue, which were offered at competitive sale last Friday. The banking group has deferred reoffering of the bonds, so as to cooperate with the Third War Loan drive currently under way. The $6,000,000 bonds are dated Oct. 1, 1943, and mature on July 1 from 1945 to 1973, inclusive.

The purpose of the issue is to acquire the electric power system of the California Electric Power Co., located primarily in Imperial Valley and in that part of Coachella Valley in Riverside County which is irrigated by water from the All-American Canal. Power facilities of the Canal consist of a number of low-head drops at which ultimately there can be developed some 90,000 kilowatts of hydroelectric power. Proceeds from the sale of the bonds will be applied chiefly to purchases of properties and to consolidations and improvements.

Associated with Blyth & Co., Inc., Kaiser & Co. and John Nuveen & Co. are: Stranahan, Harris & Co., Inc.; B. J. Van Ingen & Co., Inc.; Blair & Co., Inc.; E. H. Rollins & Sons, Inc.; A. C. Allyn & Co., Inc.; Otis & Co.; Dean Witter & Co.; Weeden & Co.; Paine Webber, Jackson & Curtis; Stone & Webster and Blodget, Inc.; Estabrook & Co.; Barcus Kindred & Co.; Braun, Bosworth & Co.; R. S. Dickson & Co., Inc.; The Illinois Co. of Chicago; First of Michigan Corp.; Bosworth, Chanute, Loughridge Co.; Allison-Williams Co.; Boettcher & Co.; McDonald-Coolidge & Co.; Stone & Youngberg; Ryan Sutherland & Co.; Peters, Writer & Christensen, Inc.; Mullaney, Ross & Co.; Newburger, Loeb & Co.; First Cleveland Corp.; Cruttenden & Co.; Thomas & Co.; Moore, Leonard & Lynch; Martin, Burns & Corbett; Kalman & Co.; J. M. Dain & Co.; Thos. Kamp & Co.; Fox Reusch & Co.; Dahlberg, Durand & Co. and F. Brittain Kennedy & Co.

State Legislatures Increase Municipal Revenue Sources

Municipalities of a dozen States were benefited this year by the passage of legislation providing for new or increased shares of State-collected taxes and the development of new sources of independent local revenue, the American Municipal Association reported Sept. 23.

Cities and counties in Arkansas will receive for the first time a share of State sales tax collections. Allocations will be based on population except in the case of towns of less than 500, which will receive a flat sum of $200 a year. Alabama cities have been granted 20% of the profits of the State liquor monopoly to be allocated on the basis of the ratio of profits earned by a municipality's store to total profits of all State liquor stores.

The 1943 Kansas Legislature provided for distribution of 75% of net revenues from cigarette stamp-tax collections to cities and counties. Amounts will be paid monthly to counties according to population ratio; half of the money will then go to cities within the county. Oregon cities will receive allocations from road-users revenues for the first time, and municipalities will be given approximately $135,000 extra annually from increases in customer liquor permit costs. South Carolina cities and towns will receive about $300,000 a year from motor vehicle license fees, and Washington municipalities will share State-collected liquor and motor vehicle excise taxes. A new Wisconsin measure allocates to municipalities 75% of drivers' license fees when examinations are conducted locally. The North Carolina Legislature reappropriated to municipalities $1,000,000 annually of State-collected highway funds for construction and maintenance of city and town streets.

California and Washington enacted legislation providing for direct appropriations to local governments to enable them to meet emergency war conditions, and the latter State abandoned the entire field of admissions taxes, turning over $1,000,000 a year to cities. Florida authorized municipalities to impose and collect reasonable charges for garbage and refuse disposal and for the use of all municipally-owned facilities, while Minnesota and Washington have authorized cities to impose reasonable rates for garbage collection, the Association said.

Other financial aids provided for cities this year include a Wisconsin act requiring the State to construct and reconstruct all portions of the State trunk highway system located within cities and villages; a Tennessee measure exempting cities from payment of taxes on gasoline bought in 3,200-gallon lots; and an Arkansas act allowing issuance of free automobile licenses for vehicles owned by counties, cities and incorporated villages.

The Securities Salesman's Corner

Uncovering New Accounts Through a Newspaper Advertising Campaign

Before you can get new accounts the first job is to locate them. This week we'd like to pass on some ideas that have proved successful for a progressive dealer in a medium-sized Southern community who has used local newspaper advertising to uncover a very high type of prospect.

The ads appeared once a week beginning last spring. They were always the same size—two-column by six inches. The layouts also followed the same pattern every week. The series is now in its 45th week—consistent advertising is bringing results, even though the campaign was conducted throughout the summer months when business is ordinarily less active than in the fall and winter.

The ads themselves were designed to gain attention BY THE USE OF UNUSUAL HEADLINES. Next the subject-matter was based upon a HUMAN APPEAL. Statistics, figures, involved analytical statements were never given prominence, but in their stead plain talk about subjects that people could understand continued to be used week after week. Here is a sample of one of the ads the firm ran last spring—its timeliness and the manner in which the subject was presented is indicative of why such ads created interest, good-will, and eventually led to action on the part of many investors who read them:

(Important Notice)

TO THE HOLDERS OF
XYZ PREFERRED STOCK.

On April 1st these shares will be retired at $____ share, and further dividends from this investment will cease.

But there is something else that will go right on—as it always has—in good times or bad—in war or peace—when your income is high or low—it's

THE COST OF LIVING.

Today, more than ever before, your income should be continued. Living costs and taxes are rising daily.

Other Sound Investments Are Available.

____________________________ ________ ______
____________________________ ________ ______
____________________________ ________ ______

Call or Write Today for Further Information.

These suggestions are only a few of the attractive investments we can submit to you for the reinvestment of the proceeds from your ____________ preferred stock.

Tel. Number NAME OF FIRM St. Address
CITY AND STATE.

In each instance the firm's telephone number is played up in a prominent position. Attention is always called to the fact that more information is available and the reader is invited to CALL or WRITE. When the replies to the ads come in they are shown every courtesy and consideration. From here on it's a matter of selling the firm as is the case in every other contact with a new prospective customer.

A newspaper campaign should uncover new accounts. That is its main purpose—to attract inquiries, either by telephone, by mail, or by a call at the office of the investment dealer himself. The next thing it should do is to build confidence and good-will on the part of the firm's old customers, who when they read the ads will be favorably impressed. New accounts are the lifeblood of every business—it is imperative that a sufficient number of new customers are added every month if a business expects to grow. Advertising, either direct mail or in the newspapers, will uncover the prospects, but you must make it HUMAN, INTERESTING, CONVINCING, and KEEP AT IT UNTIL YOU GET RESULTS. It can be done very successfully—once you follow these principles.

Post-War Trust Investment Policies

(Continued from page 1215)

that mortgage amortization — one of the most desirable financial developments of the last few years—may help to check the increase in farm values.

Whether we shall escape inflation is a matter about which one cannot feel particularly hopeful. Certainly free enterprise alone promises little in this direction. Free enterprise is not competent to meet a situation created during a period of total war, which has involved an unexampled increase in the purchasing medium. We shall only escape inflation in the event that the community is determined to prevent it and up to the present time it cannot be said that there is evidence of a determined purpose manifest throughout the community to accomplish this desirable end. Although this is not the occasion for a political speech, I think I may be pardoned if I call attention to one of the recommendations of the Republican Advisory Council on Domestic Issues. It is suggested in the report of the Council that "as promptly as possible rationing, price fixing, and all other emergency powers be terminated." The phrase "as promptly as possible" may mean immediately upon the return of peace. If that policy is adopted then let us all prepare for the deluge of inflation. If "as promptly as possible" means as soon as advisable, then the way is open for careful consideration of the appropriate timing for the elimination of rationing and price fixing. I should then say that the appropriate timing must depend upon the length of time required to reorganize industry until it is able to produce adequate supplies of civilian goods. This seems to me the most important single question of policy confronting the country in the realm of domestic affairs during the period immediately following the war.

As I said at the outset, I had it in mind to discuss certain other matters, particularly certain investment consequences of rapid technological advance. But it hardly seemed worthwhile to discuss such matters if it should be our fate to pass through the period of social and economic disorganization that would follow a year or two of wild inflation. Moreover, I understand that my remarks here are more or less in the nature of a prelude to a free discussion from the floor, and I fancy that I have already expressed a sufficient number of disputable opinions to provide an adequate basis for a general discussion.

DIVIDEND NOTICES

"Call for PHILIP MORRIS"

New York, N. Y.
September 21, 1943.

Philip Morris & Co. Ltd. Inc.

A regular quarterly dividend of $1.06¼ per share on the Cumulative Preferred Stock, 4¼% Series, and a regular quarterly dividend of $1.12½ per share on the Cumulative Preferred Stock, 4½% Series, have been declared payable November 1, 1943 to holders of Preferred Stock of the respective series of record at the close of business on October 18, 1943.

There also has been declared a regular quarterly dividend of 75¢ per share on the Common Stock, payable October 15, 1943 to holders of Common Stock of record at the close of business on October 4, 1943.

L. G. HANSON, Treasurer.

THE GARLOCK PACKING COMPANY

September 16, 1943

COMMON DIVIDEND No. 269

At a special meeting of the Board of Directors, held in Palmyra, N. Y., this day, a dividend of 50¢ per share was declared on the common stock of the Company, payable September 30, 1943, to stockholders of record at the close of business September 18, 1943.

R. M. WAPLES, *Secretary*

National Power & Light Company

$6 PREFERRED STOCK DIVIDEND

The regular quarterly dividend of $1.50 per share on the $6 Preferred Stock of National Power & Light Company has been declared for payment November 1, 1943, to holders of record at the close of business October 15, 1943.

ALEXANDER SIMPSON, *Treasurer.*

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of seventy-five cents (75¢) per share on the Common Capital Stock, both payable on October 15, 1943 to stockholders of record at the close of business September 30, 1943.

GEORGE MIXTER, *Treasurer.*

September 21, 1943

The Western Union Telegraph Co.

DIVIDEND NO. 266

A dividend of 50 cents a share on the capital stock of this company has been declared, payable October 15, 1943, to stockholders of record at the close of business on September 24, 1943.

G. K. HUNTINGTON, *Treasurer.*

September 14, 1943.

Peace Is Bullish

(Continued from page 1191)

mediately following the Armistice.

While we recognize that the pattern of the previous conflict is unlikely to be followed exactly either in extent or in time, like causes usually give rise to similar effects. The dominant factors in the post-war picture seem to us to be:

1. Huge pent-up demands for both durable and consumers goods.
2. Substantial relief from excess profits taxes and profit limitations.
3. Unprecedented public purchasing power.

Naturally, there will be a period of dislocation and readjustment occasioned by the necessity for the conversion of war-time facilities to peace-time uses. In few, if any, industries should this require longer than six months and, in many, production should be practically uninterrupted. With the lesson of World War I as a guide, this prospect may have but little effect on investment sentiment, which is likely, we believe, to give primary thought to the longer-term period of promise rather than to the relatively brief period of readjustment. — From *"The New York Letter,"* issued by *Hugh W. Long & Co.*

American Bankers Association Holds 69th Annual Meeting

(Continued from first page)

12th, prior to the opening of the formal sessions.

Officers of the Association's Divisional groups were also elected at annual meetings held on September 13th as part of the ABA conference.

National Bank Division

F. Raymond Peterson, president and chairman of the board of the First National Bank of Paterson, N. J., was elected president of the National Bank Division. R. Otis McClintock, president of the First National Bank and Trust Company of Tulsa, Okla., was chosen vice-president of this division. In addition, eight members were elected to the division's Executive Committee. They are: Carl K. Withers, president of the Lincoln National Bank of Newark, N. J.; Charles A. Boone, executive vice-president of the First-Huntington National Bank of Huntington, West Virginia; Thomas R. Hefty, president of the First National Bank of Madison, Wis.; John Curran, vice-president of the Anglo-California National Bank of San Francisco, Calif.; George P. Shotwell, president of the Williamsport National Bank of Williamsport, Pa.; Kendall G. Seaton, president of the Second National Bank of Ashland, Ky.; Gordon D. Palmer, president of the First National Bank of Tuscaloosa, Ala.; and Taylor S. Abernathy, vice-president of the First National Bank of Kansas City, Mo.

State Bank Division

The State Bank Division of the ABA elected Wood Netherland, vice-president of the Mercantile-Commerce Bank and Trust Company of St. Louis, Mo., president. Claude F. Pack, president of the Home State Bank of Kansas City, Kan., was named vice-president. The following eight members were elected to the division's Executive Committee: De Witt C. Ray, president of the Liberty State Bank of Dallas, Tex.; James C. Wilson, president of the First Bank and Trust Company of Perth Amboy, N. J.; A. T. Hibbard, president of the Union Bank and Trust Company, Helena, Mont.; C. H. Martin, president, Security Trust and Savings Bank of San Diego, Calif.; G. Carlton Hill, vice-president of the Fifth-Third Union Trust Comany of Cincinnati, Ohio; R. E. Gormley, vice-president of the Georgia Savings Bank and Trust Company of Atlanta, Ga.; A. R. Vogtsberger, vice-president of the Bank of Menomonie, Menomonie, Wis.; and Ellwood Brooks, president of the Central Savings Bank and Trust Company of Denver, Colo.

Savings Division

Fred F. Lawrence, treasurer of the Maine Savings Bank, Portland, Maine, was elected president of the Savings Division of the ABA. H. R. Templeton, vice-president of the Cleveland Trust Company, Cleveland, Ohio, was elected vice-president. The following seven members were elected to the division's Executive Committee: Myron F. Converse, president of the Worcester Five Cent Savings Bank of Worcester, Mass.; Earl B. Schwulst, first vice-president of the Bowery Savings Bank, New York City; L. A. Tobie, president, Meriden Savings Bank, Meriden, Conn.; George W. Owen, Jr., vice-president and cashier, Hibernia National Bank, New Orleans, La.; George Eccles, president, First Security Bank, Ogden, Utah; Mervin B. France, first vice-president, Society for Savings, Cleveland, Ohio; and Fred F. Spellissey, vice-president, Market Street National Bank, Philadelphia, Pa.

Trust Division

Henry A. Theis, vice-president of the Guaranty Trust Company of New York City, was elected president of the Trust division of the ABA. Frederick A. Carroll, vice-president and trust officer of the National Shawmut Bank of Boston, was named vice-president, and James W. Allison, vice-president of the Equitable Trust Company of Wilmington, Dela., was made chairman of the executive committee. Five others elected to membership on the executive committee were: R. M. Alton, vice-president in charge of Trust Department, United States National Bank, Portland, Oreg. (on military leave of absence); Chester R. Davis, vice-president and trust officer, Chicago Title and Trust Company, Chicago, Ill.; W. H. Goodman, vice-president and trust officer, Florida National Bank, Jacksonville, Fla.; T. Stanley Holland, vice-president and trust officer, American Security and Trust Company, Washington, D. C.; and Howard C. Lawrence, executive vice-president, The Michigan Trust Company, Grand Rapids, Mich.

Public Utility Securities

(Continued from page 1195)

ries of thirteen steps to "unscramble" the NYPANJ system and retire the small amount of its securities held by the public. Merger of NYPANJ with the new top company would greatly strengthen the setup, but in view of the uncertainty regarding completion of this rehabilitation program over the near future (because of the legal work involved) the trustees did not make their plan dependent on the inclusion of NYPANJ.

In any event, the ability of NYPANJ to contribute income to the new top company has been greatly improved by recent removal of the SEC dividend embargo on Metropolitan Edison, which is currently earning about $2,754,000 after preferred dividends. A substantial embargo still exists against dividend payments by the second largest system company, New York State Electric & Gas, due to requirements set up by the Public Service Commission of New York.

The trustees' plan, which has been approved by the Special Master appointed by the Federal Court and is now being considered by the Court and the SEC, is comparatively simple in scope, though necessarily complex in detail. It provides for new funded debt of about $19,000,000, as contrasted with the present top companies' debt structure of some $218,000,000) plus 7,500,000 shares of new common stock. The new stock is given an estimated book value, in the pro-forma balance sheet for the new company, of about $11.30.

Based on the pro-forma income account, net income would amount to about 65 cents a share after allowance for 5% interest on the new debt. This income statement, however, withholds from the top company net income amounting to an additional 55 cents a share (due to various restrictions, or estimated use of cash by the operating companies), making total equity earnings of about $1.20. To describe the terms for exchange of old securities for new common would require too much space, but the largest issue, AGECORP 4/78, receives 30 shares for each $100 bond, making the equity earnings per bond about $36. The bonds are selling currently around 23½ or about 6½ times such earnings. Operating economies and refunding savings are expected to swell future earnings, but Federal taxes remain the most important factor.

Need Wartime Stay On "Death Sentence"

(Continued from page 1213)

When World War II broke out in 1939, and increasingly as history unfolded, investors were forced to consider their position when, as and if this country became involved. For public utilities are traditionally in an unfavorable position during a war period. The reasons are obvious—costs go up, selling prices are fixed by regulation, and profits go down. Thereby, something new was added to the reasons why utility stocks should be sold, and they hit a new low average price in April, 1942.

These being the reasons for present market levels, the question may now be considered, "Are they permanent?" The concensus of investor opinion is that they are not, and the proof of that opinion is that investors have bought utility common stocks in such volume that the Dow-Jones average has doubled in less than 18 months. What is more, it is possible to see why. From a long-range point of view it is apparent that the body of administrative regulations has distorted the framework of the new regulatory concepts into a shape unrecognizable by its legislative creators. And such a condition is most likely to be corrected whenever the legislative body finds time to re-appraise its creature. When that happens, regulation is likely to swing from its extreme, punitive position to a normal, workable status.

With respect to the war, it began to be seen in 1942 that the United Nations were emerging from the defensive phase and reaching a point where they could take the offensive. That meant that the time of peace became a factor to be considered, and utility stocks could be appraised shorn of their depressing, war-time status. An Act of Congress, moreover, contributed in no small way to the change in sentiment. The 1942 tax law recognized the special position of public utilities, and embodied an adjustment in their favor. To those who remembered vividly how the utilities had been "kicked around" for years by a creature of Congress, this action was far more important in its implications than in its immediate effect.

To sum up, then, there is reason to believe that the market for utilities will improve over a period of time. To execute the death sentence as interpreted by the SEC now, is to enforce liquidation of the typical holding company—to force the sale of its assets in a market unquestionably low from the historical viewpoint, and almost as surely low as compared with any more normal period in the future. When a holding company sells its assets, the investors in its stock are automatically being sold out, too. Granting that a normal period is recognized only in retrospect, the fact remains that a war period is abnormal, by its very terms. A stay of execution on the death sentence for the duration of the abnormal period is necessary to accomplish one of the purposes of the Holding Company Act—protection of the investor.

FIC Banks Place Debs.

An offering of $23,900,000 0.85% consolidated debentures of the Federal Intermediate Credit Banks was made Sept. 20, at par, by Charles R. Dunn, New York, fiscal agents for the banks. The debentures are dated Oct. 1, 1943 and mature July 1, 1944. The proceeds from the sale of the debentures will be used to pay off $30,215,000 debentures maturing Oct. 1, 1943, the balance of $6,315,000 being met from cash on hand. At the close of business Oct. 1, 1943, the banks will have a total of $274,495,000 debentures outstanding.

Allies Not to Recognize Transfer to Neutrals of German Rights In Italy

Argentina and European neutral countries have been warned by the United States and Great Britain that they will not recognize the transfer to neutral ownership of any enemy-owned rights or interests in property in Italy, said an International News Service report from Washington on Sept. 21, which added:

The action has been taken following receipt of reliable information that an important German industrial firm has been trying to dispose of its stock in its Italian affiliate to a neutral concern.

A State Department announcement also said that certain concerns in neutral countries contemplate acquiring or purporting to acquire enemy-owned shares in Italian companies and other enemy assets in Italy.

Seaboard Air Line Ry. Situation Interesting

L. H. Rothchild & Co., 120 Broadway, New York City, have prepared a brief study on the proposal to retire the receivers' certificates and other outstanding bonds of the Seaboard Air Line Railway, analyzing the result of such action on various outstanding issues. Copies of this interesting analysis may be had from the firm upon request.

Cons. Textile Attracive

Consolidate Textile offers interesting possibilities at current levels, according to a memorandum issued by J. F. Reilly & Co., 111 Broadway, New York City. Copies of this memorandum may be had from the firm upon request.

Wittich Back From Coast

Wilbur Wittich, manager of the New York office of Wyeth & Co., 40 Wall St., has returned from a visit to the firm's home office, 647 South Spring St., Los Angeles, California.

Rail Situation Interesting

The current situation in Denver & Rio Grande cons. 4s of 1936 offer interesting possibilities, according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had upon request from the firm.

MacBoyle Lewis Goes To Cruttenden & Co.

CHICAGO, ILL. — MacBoyle Lewis has become associated with Cruttenden & Co., 209 South La Salle Street, members of the New York and Chicago Stock Exchanges, as manager of the sales department, it is announced. He was formerly with Salomon Bros. & Hutzler in Chicago.

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Tomorrow's Markets Walter Whyte Savs——

(Continued from page 1194)

But fortunately the market gives us other handles to grasp. For one thing the market seldom acts as a unit. And for another nobody buys (or sells) the market. Our interest while being academically in market action is concerned primarily with individual stock action. And there certain things become clear.

* * *

Ordinarily a market which has no intention of going to new highs, seldom has more than a few stocks making new highs in advance of the market as a unit. The opposite is true if a new high is indicated. If you take a look at any complete stock market table you will see any number of stocks have already made new highs. In addition to such signals you will also find that few stocks carry through on any down tendencies. Buying of one kind or another comes in at the psychological moment and either stops the potential decline dead in its tracks or is sufficient to turn the retreat into an advance. It is in this latter group that danger of serious losses is comparatively small. Such stocks are not too close to old resistance levels to make them too dangerous and are close enough to old support points to permit of reasonable stop levels. I have a few such stocks in mind but before I recommend them I would like to point out that current general market action indicates a setback of say 2 or so points.

* * *

Here are the stocks, and the prices at which they should be bought. Allegheny-Ludlum Steel, buy at 27, stop at 26. Allis Chalmers, buy at 38, stop at 36. Atlantic Refining, buy at 27, stop at 26. Commercial Solvents, buy at 14½, stop at 13. U. S. Pipe & Foundry, buy at 34, stop at 32. White Motors, buy at 21, stop at 19. Yellow Truck, buy at 17, stop at 16. Youngstown Sheet & Tube, buy at 36, stop at 35.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

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Truman Charges Some Corporations Conducted Advertising Campaigns At Expense Of Govt.

The allegation that some corporations have conducted extensive campaigns of promotional advertising chiefly at the expense of the Federal Government was made on Sept. 17 by Senator Truman (Dem., Mo.) in an article in "The Progressive," La Follette weekly magazine.

The Senator, who is Chairman of the committee investigating the national defense program, declared that it was "only natural" that companies which, in peacetime "spent millions of dollars to establish good-will and acquaint the consumer with their product are anxious to continue their advertising campaigns and keep their names before the public."

In special advices from Madison, Wis., Sept. 17 to the New York "Times," it was further reported:

"This practice would be perfectly proper if the corporations paid for their advertising out of profits after taxes and renegotiation," he wrote. "Yet here is what is happening with respect to advertising. The bulk of this expense is being borne not by the corporations but by the Federal Government. This is so because these advertising costs are being treated as an expense of doing business before computing profits on which the Government is entitled to receive excess profits taxes at the highest rate. In other words, the advertising costs the corporations practically nothing because the taxpayer foots the bill."

Asserting that "for the most part American advertising has told the truth" and that "most advertising claims are fair and justified," Senator Truman said, however, that some corporations had published advertising to offset "just criticism" leveled at them by the Senate committee or other agencies. . . .

Disclaiming any intention of suggesting that "American articles of war are inferior and that advertising claims are by and large to be distrusted," he continued:

"Shoutings in self-praise at the taxpayers' expense are not healthy. The Bureau of Internal Revenue should investigate these advertising costs and determine the amounts the Government is entitled to receive as income taxes. The agencies in charge of renegotiation should also investigate and determine the amounts to be returned as excessive profits.

"Some advertising is proper and a legitimate expense of doing business. But advertising expenditures should be paid by the company down to the last dollar, and in any event, should not be greater than those incurred before the war. On top of that, advertising references to contributions to the war effort should be carefully scrutinized. The taxpayer should not pay the cost of spreading unfounded claims."

Speculative Opportunities

Denver & Rio Grande Western Railway, and the Nassau & Suffolk Lighting Company both offer interesting speculative opportunities according to circulars being distributed by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Copies of these circulars, discussing each situation in detail, may be had from the firm upon request.

Railroad Securities In The Post-War Era

Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange and specialists in railroad reorganization securities, have published "Railroad Securities in the Post-War Era," which represents the views of Patrick B. McGinnis as expressed at the corporate meeting of the National Security Traders Association, Inc., held in Chicago on Aug. 20.

House Delays Hearings On New Tax Program

Hearings on a new tax bill, which were scheduled to begin Sept. 20 before the House Ways and Means Committee, have been postponed but may be brought under way the latter part of next week. It is understood that the Administration decided to wait until after the results of the current $15,000,000,000 Third War Loan drive are known before presenting its program for raising additional revenue. There have also been reports of conflicting tax views as delaying the Treasury Department's tax program whereby it seeks to raise $12,000,000,000 in new revenue—a goal which many Congressional tax experts doubt can be achieved.

The House Committee for the past two weeks has been holding hearings as to possible changes in the war contract renegotiation law. The group has also launched studies into methods of simplifying Federal income tax returns.

Senator George (Dem., Ga.), Chairman of the Senate Finance Committee, proposed on Sept. 15 that the Victory Tax be combined with the 6% normal income tax rate in the interest of simplification. He said this might involve an increase in the normal rate to 10% and perhaps lower personal exemptions. This merger of the Victory and normal tax was endorsed by Representative Doughton (Dem., N. C.), Chairman of the House Ways and Means Committee.

Also under discussion are plans for a sharp increase in social security taxes and compulsory savings.

Universal Service Advocated By President Of U. S. Chamber

In an address prepared for the American Legion convention, Eric A. Johnston, President of the U. S. Chamber of Commerce, advocated universal service as a means of making replacements in the country's peacetime force, according to an Associated Press dispatch from Omaha, Neb., on Sept. 21, which also quoted Mr. Johnston as follows:

"It has been regarded as one of the old world measures that we didn't want in the United States, but I am also keenly aware that the conditions which confront us today are far different from those of years gone by. The bomber has shriveled distances and made oceans into lakes. Our armed forces must be adequate to insure our peace in a world where time and space have new meaning.

"Soldiers marching home from the war must march into a land of opportunity."

Gearhart Visits Harvill Plants In California

Frederick D. Gearhart Jr. of Kobbe, Gearhart & Co., Inc., 45 Nassau St., New York City, has just returned from California, where he inspected the properties and plants of the Harvill Corp. Harvill is one of the larger aircraft diecasting concerns which supplies many of the parts used in our modern war planes. Mr. Gearhart also discussed the postwar prospects of the company.

Gov. Bricker Warns Of 'One Party Peace'

Asserting that "we do not want a one-man or a one-party peace," Governor John W. Bricker of Ohio urged on Sept. 17 that this country's peace negotiations be conducted by a bi-partisan delegation representing various departments of government and sectional life.

In a radio address commemorating Constitution Day and delivered before the National Society of the Sons of the American Revolution at Philadelphia, Governor Bricker declared that this country's foreign policy should be based upon the necessity for preservation of our national identity and freedom of action. He also urged caution in the final drafting of peace treaties at the war's end.

Associated Press Philadelphia advices reported as follows regarding his remarks:

"No man is wise enough now to state with exactitude what this nation's obligations to others may be at the conclusion of the war, or how they may best be carried out," he said.

"Our foreign policy should be based upon the absolute necessity for the preservation of our identity as a nation and on our traditional freedom of action at all times."

"Never again," he said, "should our peace negotiations be directed by those from only one political party, from any one department of government, or any one section of our national life.

"We do not want a one-man or a one-party peace. If we believe in collaboration among the nations, we must put it in practice among Americans."

This country's position in the creation of world stability should be made known "beyond the shadow of a doubt" lest distrust and hatred arise from encouraging hopes or making promises that cannot be fulfilled, he said, adding: "If we do not know our own minds, we shall exhibit before the world a picture of vacillation and opportunism. "Double talk and double dealing are not in the great traditions of American diplomacy."

Investment Trusts

(Continued from page 1196)

$15.54 per share six months earlier.

Keystone Custodian Fund Series "S4"—Net assets on July 31, 1943, were $4,179,597 or $3.98 per share, as compared with $2,524,115 or $3.17 per share on January 31, 1943.

Scudder, Stevens & Clark Fund—Net assets as of August 31, 1943, totalled $16,567,223, equal to $90.07 per share, compared with $12,507,259 or $74.08 per share a year earlier.

Dividends

Group Securities, Inc.—Following dividends payable Sept. 30, 1943, to stock of record Sept. 17:

Class of Shares—	Reg.	Extra	Total
Agricultural	.05	.02	.07
Automobile	.015	.085	.10
Aviation	.05	.06	.11
Building	.02	.04	.06
Chemical	.04	.02	.06
Electrical Equipment	.09	--	.09
Food	.04	.01	.05
Fully Administered	.04	.04	.08
General Bond	.065	.055	.12
Industrial Mach.	.08	--	.08
Investing Company	--	.03	.03
Low Priced	.03	.03	.06
Merchandising	.05	.02	.07
Mining	.06	--	.06
Petroleum	.02	.06	.08
Railroad	.04	.04	.08
Railroad Equip.	.03	--	.03
Steel	.04	--	.04
Tobacco	.04	--	.04
Utilities	.02	--	.02

George Putnam Fund—A dividend of 15 cents per share payable Oct. 15, 1943, to stock of record Sept. 30.

Scudder, Stevens & Clark Fund—A dividend of 75 cents per share payable Sept. 20, 1943, to stock of record Sept. 9.

Swiss Deny Germany Demands Transit

Rumors abroad that Switzerland had received an ultimatum demanding transit privileges for the German Wehrmacht through Swiss territory were categorically denied in high Government circles on Sept. 17, according to a telephone message to the New York "Times" from Berne, Switzerland, on the same day, which also reported as follows regarding the rumor:

Investigation of their origin brought indications that they grew from a misinterpretation of a recent Swiss broadcast to North America.

Though it is admitted semiofficially that, with German forces in complete control of northern Italy, Switzerland is more cut off from the world than ever, it is emphasized that the Swiss early in the war adopted a stand of complete neutrality under which they informed all belligerents that there would be no passage across Swiss territory.

The recent mobilization measures, quietly carried out with the capitulation of the Badoglio Government in Italy, would appear adequately to confirm this stand.

Capt. John Bodfish Dies In California

Captain John Bodfish, of Chicago, who was stationed at Spadre, California, with the Desert Training Center, died in Pomona, California, on September 19th. He was on leave of absence as Treasurer and Secretary of the First Federal Savings and Loan Association of Chicago, and resided on Butterfield Road, near Flossmoor, Illinois.

Captain Bodfish's death occurred as a result of complications following an appendectomy two weeks ago. The body is being taken to Chicago for burial on September 24th.

A graduate of the University of Chicago, with an MBA degree, he was 27 years old. He volunteered in the Medical Administrative Corps, Army of the United States, was commissioned a First Lieutenant, and went to Camp Robinson in January, 1943, being transferred to Spadre some months later.

He is survived by his widow, the former Jeanette Havens, two daughters, Jean Havens and Margaret; his father, John H. Bodfish of Columbus, Ohio; two brothers, Morton Bodfish, Chicago, and Lieut. Robert V. Bodfish, of the U. S. Marines Corps, and one sister, Mrs. William Ohl, Youngstown, Ohio.

Security Analysts to Hear

Capt. Sergei N. Kournakoff will address the New York Society of Security Analysts, Inc., on Friday, Sept. 24, on "How the Red Army Fights."

On Monday, Sept. 27, there will be a discussion of post-war prospects of the utility industry under the leadership of E. R. Sterling of Merrill Lynch, Pierce, Fenner & Beane.

B. Earl Puckett, President of Allied Stores Corporation, will speak on the corporation at the Analysts meeting scheduled for Wednesday, Sept. 29.

No meeting will be held on Friday, Oct. 1.

The Analysts Society meets at 12:30 p.m. at 56 Broad Street, New York City.

Post-War Rail Prospects

McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange, have just issued an interesting circular entitled "Railroads—Some Thoughts on Post-War Prospects." Copies of this circular may be had from the firm upon request.

Calkins A Director Of N. Y. Reserve Bank

The Board of Governors of the Federal Reserve System announced on Sept. 14 the appointment of Robert D. Calkins, Dean of the School of Business, Columbia University, New York, as a Class C Director of the Federal Reserve Bank of New York for the unexpired portion of the term ending on Dec. 31, 1943. Mr. Calkins fills the vacancy which occurred in August, 1942, when Randolph Paul resigned upon becoming General Counsel of the Treasury.

The Board also announced that William I. Myers, a Class C Director, had been designated Deputy Chairman of the bank for the remainder of the current year. Mr. Myers is head of the Department of Agricultural Economics at Cornell University.

Railroad Securities

(Continued from page 1193)

this most recent upward surge of prices as more than a flash in the pan. Even in the days before the war was a factor in security price swings it had been demonstrated that specific reorganization developments were the key to price trends of individual reorganization railroad bonds. Progress in reorganization has traditionally been a sufficient incentive for advancing prices for bonds of the road involved even in periods of general market weakness. Now that there is the prospect of more rapid reorganization progress for a large number of roads, there is a widespread feeling among rail men that market stagnation is a virtual impossibility. This is particularly true inasmuch as even though earnings in many instances have been dropping below year earlier levels they are still abnormally high and cash will continue to accumulate at a rapid rate for a considerable time to come at least.

Bank & Insurance Stocks

(Continued from page 1195)

third of the list. On the other hand, Bank of America National Trust and Savings Association is near the top in point of size but close to the bottom as regards market ratio.

Neither size, current earnings, dividends nor book value, necessarily determine the market's appraisal of an institution, nor the degree with which it is favored by investors; more often the determinant is something more intangible and even elusive. We are glad of this opportunity to give space in this column to Mr. Wood's remarks.

Trend Of Deposits Of Reserve Member Banks

M. A. Schapiro & Co., One Wall Street, New York City, have prepared a most interesting table of the trend of deposits of the member banks of the Federal Reserve System since Dec. 31, 1941, with data on 30 selected member banks. Copies of the table, with a discussion of the possible future changes in the situation, may be had from M. A. Schapiro & Co. upon written request.

Empire Sheet & Tin Plate Situation Attractive

The first mortgage 6s and common stock of Empire Sheet & Tin Plate Co. offer attractive possibilities according to a memorandum prepared by Hill, Thompson & Co., Inc., 120 Broadway, New York City. Copies of this interesting memorandum may be had upon request.

Calendar Of New Security Flotations

OFFERINGS

REPUBLIC DRILL & TOOL CO.

Republic Drill & Tool Co. has registered $1,250,000 5% convertible debentures, due Aug. 1, 1953, and 296,875 shares of common stock, par $1, to be issued upon conversion of debentures.

Address—322 South Green Street, Chicago.

Business—Engaged in the manufacture and sale of high speed and carbon twist drills.

Underwriting—Wyeth & Co., New York and Los Angeles.

Offering—Price to public 100 and accrued interest from Aug. 1, 1943, to date of delivery.

Proceeds—Of the net proceeds, the company will apply $100,000 to retire its outstanding bank loan, $125,000 toward the retirement of outstanding convertible preferred stock, and the balance to working capital.

Registration Statement No. 2-5197. Form A-1. (8-11-43).

Registration statement effective 5:30 p.m. EWT on Sept. 15, 1943.

Offered Sept. 22, 1943 at 100 and int. by Wyeth & Co. and Bond & Goodwin, Inc.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing (unless accelerated at the discretion of the SEC), except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern War Time as per rule 930 (b).

Offerings will rarely be made before the day following.

MONDAY, OCT. 4

DERBY GAS & ELECTRIC CORP.

Derby Gas & Electric Corp., a subsidiary of Ogden Corp., registered 91,577 shares of its common stock without par value with the SEC. This stock is already issued and outstanding, and the shares are not being offered by or for the account of the company. They are to be sold by Ogden Corp., as part of its plan to dispose of its public utility investments in accordance with the Public Utility Holding Company Act of 1935.

Address — One Exchange Place, Jersey City, N. J.

Business — The company is engaged primarily in the generation, distribution and sale of electric energy and manufactured gas.

Underwriting—Ogden Corp., after the registration becomes effective, will publicly invite sealed proposals for the purchase or underwriting of these shares. The result of the bid opening will be filed by amendment later.

Offering—Terms will be filed by amendment later.

Registration Statement No. 2-5313. Form S-1. (9-15-43).

JULIUS GARFINCKEL & CO., INC.

Julius Garfinckel & Co., Inc., filed a registration with the SEC covering 60,000 shares of 5½% preferred stock, par value $25 a share, and 19,990 shares of common stock, $1 par value.

Address—Washington, D. C.

Business — The company operates a specialty department store at 14th and F Streets, N. W., Washington, D. C., dealing primarily in women's wear and accessories, but includes various other retail and service departments, the more important being men's and boys' furnishings and clothing, semi-precious and precious jewelry, linens and blankets, glassware, china and lamps, stationery and luggage, and fur storage vaults.

Proceeds — To redeem an unspecified number of the company's cumulative convertible 6% preferred stock on its redemption date Oct. 8, at $27.50 a share plus accrued dividends from Oct. 1.

Underwriting—J. G. White & Co., Inc., for the 5½% preferred stock.

Offering—The common stock shares will be sold only to the holders of the company's outstanding bearer warrants which entitle them to purchase at $12.50 a share on or before Sept. 1, 1944, an aggregate of 19,990 shares of $1 par common stock, fully paid and non-assessable.

Registration Statement No. 2-5214. Form S-1. (9-15-43).

SUNDAY, OCT. 17

P. LORILLARD CO.

P. Lorillard Co. registered $20,000,000 debentures and 374,391 shares of common stock, par value $10 per share.

Address—119 West 40th St., N. Y. City.

Business — Manufactures cigars, cigarettes, tobacco, etc..

Underwriters—Principal underwriters are Lehman Brothers and Smith Barney & Co.

Purpose—Proceeds will be used to retire $19,000,000 short-term bank loans and $5,209,600 7% bonds due Oct. 1, 1944. Balance will be added to working capital for general corporate purposes.

Offering—It is expected that the common stock will be offered to common stockholders in ratio of one-fifth share of new stock for each share of present stock. The debentures will be offered to the public by underwriters. Price of stock and debentures will be supplied by amendment.

Registration Statement filed Sept. 21, 1943.

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN EXPORT AIRLINES, INC.

American Export Airlines, Inc., has filed a registration statement for 43,888 shares of capital stock, par value $3 per share.

Address—25 Broadway, New York.

Business—Is now engaged in air transport operations between the United States and Europe, and conducts operations between the United States and certain military bases in the Caribbean and South America under contract with the Navy.

Underwriting—No underwriters.

Offering—The shares are issuable upon the exercise of capital stock purchase warrants of the airlines company attached to 7,900 shares of 5% cumulative preferred stock of its parent, American Export Lines, Inc., a steamship company. The warrants are exercisable by the transfer to the airlines company of the shares of preferred stock attached to the warrants in payment of the purchase price. At the date of the prospectus holders of preferred stock of the steamship company are entitled to receive 5 5/9 shares at the price of $18 per share for each share of the steamship company preferred stock.

Purpose—Upon the exercise of any warrants the airlines company is required to surrender to the steamship company all shares of preferred stock of the steamship company it may acquire, and each share of preferred is to be paid for by cancelling $100 of the indebtedness owed by the airlines company to the steamship company. The steamship company sold privately in 1940 10,000 shares of its preferred stock with warrants of the airlines company attached and advanced the gross proceeds of the sale, $1,000,000, to the airlines company. The steamship company through the sinking fund provision is retiring 2,100 shares of the preferred stock so that warrants attached to these shares become void.

Registration Statement No. 2-5203. Form S-1. (8-19-43).

Amendment filed Sept. 4, 1943, to defer effective date.

ARDEN FARMS CO.

Arden Farms Co. has filed a registration statement for 26,000 shares of preferred stock, without par value.

Address—1900 West Slauson Avenue, Los Angeles, Cal.

Business—The buying and selling of ice cream, the processing of milk, and the general business of buying and selling milk, butter, cottage cheese, eggs and various related products at wholesale and retail in the States of Washington, Oregon and California.

Underwriting—There are no underwriters. Company proposes through certain of its employees and through security dealers to solicit the exercise of option warrants, and the company proposes to pay the expenses of such employees in connection with such solicitation. If all such shares are not sold company will reimburse security dealers for their out-of-pocket expenses. If all such shares are sold the company will instead pay such dealers $1 for each share sold through the exercise of warrants procured by such dealer.

Offering—Company has granted to holders of its preferred stock, rights to subscribe for shares of preferred stock now being registered at the rate of one share for each 2½ shares held. Subscription price will be filed by amendment. After the expiration of the warrants the company proposes to sell such of the shares of preferred as are not subscribed through the exercise of warrants, to the public at such price as may be fixed by the board

Proceeds—Net proceeds will be applied to the prepayment, so far as they suffice, of the company's notes outstanding in the principal amount of $1,050,000.

Registration Statement No. 2-5166. Form S-1. (6-29-43).

Amendment filed July 20 fixing offering price to stock holders at $40 per share, unsubscribed portion to public at $40 per share or more as may be fixed by board of directors.

Registration statement effective 4:45 p.m. EWT on July 26, 1943, as of 5:30 p.m. EWT July 18, 1943.

Of the 26,000 shares registered 23,823 shares were subscribed for by stockholders at $40 per share leaving 2,177 shares to be sold publicly at $42 per share.

ATLANTA GAS LIGHT CO.

Atlanta Gas Light Co., a subsidiary of Consolidated Electric & Gas Co., filed a registration statement with the SEC, for $7,500,000 of first mortgage bonds, series due 1963, and 20,000 shares of 5% cumulative preferred stock, par value $100 a share, on which sealed bids will be asked.

Address—243 Peachtree St., Atlanta, Ga.

Business—Company is an operating utility company engaged primarily in the business of purchasing, distributing and selling natural gas in 20 municipalities in Georgia, and manufacturing, distributing and selling artificial gas in five municipalities in Georgia and two in South Carolina. Incidental to the promotion of its business, the company also engages in the merchandising of gas appliances. It has been engaged in the sale of gas continuously since 1856, except when its plant was damaged during the Civil War.

Proceeds—Net proceeds, exclusive of accrued interest and dividends, will be applied to the extent that funds are available to the redemption of $5,875,000 principal amount of general mortgage bonds, series due 1955, 4½%, at 104, and $2,150,000 principal amount of general mortgage bonds, 3½%, series due 1961, at 104½, and to the redemption of 13,000 shares of 6% cumulative preferred stock at $110 a share.

Underwriting—To be filed by amendment.

Registration Statement No. 2-5211. Form S-1. (8-31-43).

CALIFORNIA ELECTRIC POWER CO.

California Electric Power Co. has registered $16,000,000 first mortgage bonds, 3¾% Series due 1968, and 40,000 shares 5¼% convertible prior preferred stock, par value $100 per share.

Address—3771 Eighth Street, Riverside, Cal.

Business—Engaged in the generation, transmission, distribution and sale of electric energy.

Underwriting—Principal underwriter for the bonds is Dillon, Read & Co., New York, and for the preferred stock Stone & Webster and Blodget, Inc., and Bosworth, Chanute, Loughridge & Co., Denver. Other underwriters will be named by amendment.

Offering—Price of both bonds and prior preferred stock will be supplied by amendment.

Proceeds—Proceeds, together with funds received by the company from the sale of certain of its electric properties, will be used to redeeem all of the first trust mortgage gold bonds, 5% series of 1956 to be outstanding after giving effect to the surrender of certain bonds in the face amount of $641,300. Balance of proceeds will be used to pay the balance then due on the 3% installment note held by Bank of America National Trust & Savings Association. Upon the payment of such note, $641,000 face amount of the company's first mortgage trust gold bonds pledged by the company as security for such note will be surrendered for cancellation.

Registration Statement No. 2-5172. Form S-1. (6-29-43).

Amendment filed Sept. 11, 1943, to defer effective date.

(This list is incomplete this week)

War Tax Symposium At Social Research School

The New School for Social Research, 66 West 12th Street, New York City, announces a 12 weeks symposium on "Federal Taxation in Wartime" in which outstanding tax experts will take part. The series of which Alex M. Hamburg, Tax Counsel of New York City, is Chairman, will begin on Sept. 28. Among the major problems to be dealt with are Federal taxation in war and peace; the current tax act of 1943; tax legislation proposals; correlation of income, estate and gift taxes.

Randolph Paul, General Counsel of the Treasury Department, Gerhard Colm, principal fiscal analyst, U. S. Bureau of the Budget, John W. Hanes, former Under Secretary of the Treasury, and other tax experts are among the speakers. Leo C. Cherne, Secretary of the Reseaerch Institute of America, will lead the series on Sept. 28 with a talk on corporate profits and the excess profits tax. A general discussion will follow each lecture.

Attractive Situations

Gisholt Machine Co., Stromberg-Carlson, Dictaphone Corp., and Haloid Co. offer attractive situations, according to memoranda prepared by Herzog & Co., 170 Broadway, New York City. Copies of these interesting memoranda may be obtained upon request from Herzog & Co.

C. H. Christ In Kenmore

(Special to The Financial Chronicle)

KENMORE, N. Y.—C. Herman Christ is now conducting an investment business from offices at 79 Wardman Road.

Wall St. Cashiers Outing

The Cashiers Association of Wall Street, Inc., announces that its annual outing will be held on Saturday, Sept. 25, at the Montclair Athletic Club, Montclair, New Jersey. The outing was scheduled originally for Sept. 11.

STANY Bowling Season Opens September 30

The bowling season of the Security Traders Association of New York opens on September 30th.

Teams will bowl every Thursday night at the Bowlmore Alleys on University Place near 14th Street. Games start at 5:30 p.m. and finish about 8:00 p.m.

All games are on a handicap basis and all members of the Association are welcome—both experts and beginners.

Those interested should communicate with one of the following who will give full details on teams and arrangements. Friday, September 24th, is the deadline to sign up with the committee. Tom Gleason, Chairman, Kirchofer & Arnold, Inc., Hanover 2-8260; George Leone, Frank C. Masterson & Co., Hanover 2-9470; Charles King, Charles King & Co., Whitehall 4-8980.

NYSE Acts To Curb War Bond 'Free Riding'

The New York Stock Exchange notified its members on Sept. 15 of a ruling designed to discourage speculation or "free riding" in United States Government securities offered in the Third War Loan drive.

Following is the statement issued to members by Emil Schram, President of the Exchange:

"In conformance with the spirit of a notice given by the Federal Reserve Bank of New York to banks and trust companies within the Second Reserve District, the New York Stock Exchange has ruled that, for a period of 15 days after the Third War Loan bonds are delivered to subscribers, no member firm may carry on margin Third War Loan bonds for which it has subscribed unless the customer (1) agrees to pay off the debit balance against such bonds within a period of six months or less and (2) does not contemplate selling the security prior to making such full payment."

Attractive Situation

Buckley Brothers, 1529 Walnut St., Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges, have prepared an interesting memorandum on the common stock of Liberty Aircraft Products, which offers an attractive situation at current levels, the firm believes. Copies of this memorandum may be had from Buckley Brothers on request.

Amer. Tourists Satisfy Buying Urge In Mexico

American tourists are crowding Mexico, buying up everything from "gin and electrical appliances to bobby pins and elastics," Arch Black, export manager for Norge Division of Borg-Warner Corporation, revealed today following his return from an extensive trip through Mexico.

"The people of Mexico are not feeling the war as acutely as are the people of the United States, as rationing has not gone into effect there," Mr. Black said. "There is plenty of everything and, although they appreciate the influx of American dollars, the Mexicans are getting a little peeved because American tourists are thronging through the country buying these surpluses of goods they can't get in the United States. Some distributors even claim to have reshipped American-made small electrical appliances again into the States."

Mr. Black believes that electrification of many countries and islands where naval and military bases have been built and which thus have been expanded considerably, will offer new profitable markets for electrical appliances after the war.

"A trend towards industrialization of Mexico, Brazil and other countries is creating a higher standard of living," Mr. Black added. "This, of course, makes new markets."

Pittsburgh Rys. Looks Good

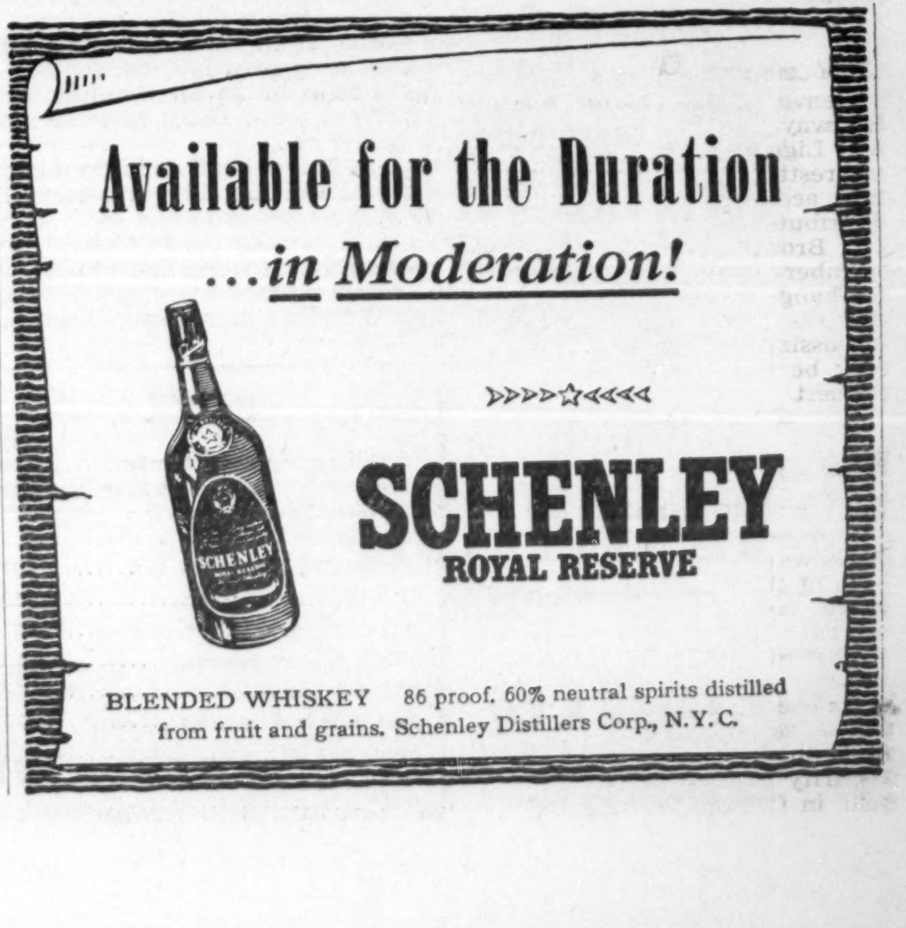
The current situation in Pittsburgh Railways System, particularly certain of the underlying bonds, offers attractive possibilities for appreciation according to a study prepared by T. J. Feibleman & Company, 41 Broad Street, New York City. Copies of this interesting study, which is available to dealers only, may be had upon request from T. J. Feibleman & Co.

Robt Huff Visits NYC

Robert H. Huff, President of Butler-Huff & Co. of California, 210 West Seventh St., Los Angeles, California, is spending several weeks in New York City and can be reached at the office of Huff, Geyer & Hecht, Inc., 67 Wall St., New York.

Stafford Shields Admits

Stafford, Shields & Robinson, 39 Broadway, New York, members of the New York Stock Exchange will admit Margaret V. Stafford to partnership in the firm on Oct. 1.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"Our Reporter On Governments"

By S. F. PORTER

Of course, the market is dull and apparently lifeless. . . . Naturally, some of the taxables are drifting to lower levels and there seems to be pressure on the intermediate groups. . . . Obviously, the big news in the Government mart today is the continuing war loan drive and equally as obviously, every trend and everything that happens may be traced directly to the influence of that campaign. . . . What is news, really, is the way the market is holding up in the face of the subscription total. . . . What you should be watching is (1) the progress of the subscription figures; (2) the way the long-term tax-exempts act during this drive and (3) your own position in relation to possible temporary switches. . . . Otherwise, what is happening in the market now may be brushed off as the result of a special development which will be over in another fortnight or so. . . .

As for the progress of the drive, this observer still believes the statistics you're receiving may be taken with some degree of salt. . . . For the simple reason that the big orders are being "spotted" to give the war finance committees some ammunition every week. . . . And if the major sales were reported all at once, there might be a tendency among individuals to say "the Government's getting it from somewhere else, so why should I bother lending my few dollars? . . . Whether true or not, that's a possibility the committees cannot be overlooking and thus the belief that the announcements will run in a gradual upward trend. . . . For instance, at the end of the first week the total was $5,000,000,000, or one-third the goal. . . . As of this writing, the total is around $11,000,000,000, or more than two-thirds. . . . By the middle of next week we should be in sight of the $15,000,000,000 objective and on our way to the oversubscription of a billion or two. . . .

Gossip at the American Bankers Association's 69th annual convention held in New York last week, incidentally, was that $20,000,000,000 might be obtained by a terrific last-spurt campaign. . . . That seems a bit on the high side and this observer continues to stick to the prediction made here weeks before the campaign opened. . . . And that was the $15,000,000,000 plus, maybe a billion or two or possibly three is the maximum to be looked for. . . .

That would be wonderful, though! . . . Wonderful for the Treasury and wonderful for the market. . . . A tonic to all outstanding issues for the time being—and peculiarly enough, particularly to the tax-exempts. . . .

As for the effect of a heavy oversubscription on the bank loan to follow this campaign, informed sources believe the offering will total $3,000,000,000 to $4,000,000,000, regardless of the excellence of the public response. . . . Reasons being Secretary Morgenthau promised the banks an offering and can't back out now and also that he would prefer to postpone the fourth War Loan drive rather than take less cash now. . . .

It may be that there won't be another bank offering after this October one for six to eight months, says one dealer. . . . Which would compel the commercial banks to enter the open market after a while. . . .

And which would stimulate the outstanding taxables into an advance following the tax exempts. . . .

POSSIBLE SWITCHES

If you own the 2½% bonds of 12/15/53/49, now selling at 107.2 to yield 1.10% after taxes or

If you own the 2½% bonds of 9/15/52/50, now selling at 107.19 to yield the equivalent of 1.12% after corporate taxes,

Then you may be aided by a switch from these securities into the new 2s of 1953/51 or into the outstanding 2s of 1952/50. . . .

You get a better yield after taxes on these 2s, for the outstanding 2s of 1952/50 are selling at a price to yield 1.14% and the new 2s will return a better yield for a while. . . .

And you are getting out of a high-premium bond and into a bond selling close to par, which affords you considerable protection in the event of an unexpected slump. . . .

Even though the tax-exempts are marvelous bonds to hold, the question of the yield-after-taxes is of sufficient importance to justify switch by certain sources from the exempts into the taxables in order to get a slightly better after-taxes yield and a closer-to-par bond. . . .

Here's another:

If you own the 2¼% bonds of 6/15/56/54, selling at 107.8 to yield 1.26% after taxes, you may

Switch into the 2⅞% bonds of 3/15/60/55, selling at 112.14 to yield 1.39% after taxes. . . .

These are exempt bonds and as such, we may anticipate that the call date is equivalent to the maturity date. . . . Which means that the "real" maturity of the 2¼s is 1954 and the "real" maturity of the 2⅞s is 1955. . . .

The yield on the 2⅞s is superior by 13 basis points. . . . The cost is up, admittedly, but if your cash position can stand it, you may find it advisable to freeze your profit in the 2¼s and pick up the 2⅞s for yield and a possible advance in the coming months. . . .

Of course, the best switch this department has recommended in years holds as true as ever. . . . If you need tax-exemption and own short-term tax-exempts, get out of those and into the longer-term exempts as rapidly as you can comfortably manage. . . . For the obvious reason that the exemption will become more valuable as more and more exempts are called and paid off. . . . And because the traditional theory that short-terms give safety is upside down in this instance. . . . The most attractive exempt bond is the one which you'll be able to hold the longest. . . .

THE CASH IS THERE!

Most detailed reports to date indicate the public is not coming through to the extent hoped. . . . Drive is going over and will go over, yes. . . . But individual subscriptions are lagging, if the New York results are any criterion. . . . Insurance companies and corporations, reached by experienced financial salesmen, are the backlog of this campaign as they have been of every other in the memory of the experts. . . . And the commercial banks, in October, will supply the cash needed to round out Morgenthau's cash hoard. . . .

Surely, the inflation implications here are discouraging. . . . But what's even more discouraging is the fact that individuals have the money, have the ready cash to go in and just simply are not responding to the 100% limit. . . .

For instance, there's the SEC report of a few days ago indicating liquid savings in the second quarter of 1943 remained at $9,100,000,000, the same as in the first quarter and comparing with total liquid savings in 1942 of $29,400,000,000. . . . In the three months covered, individuals added $2,900,000,000 to their cash and deposits, $4,200,000,000 to their Government bond holdings, $800,000,000 to their equity in life insurance, and paid off $50,000,000 of mortgage debt and $200,000,000 of consumer debt. . . .

And this despite tax payments! . . . They money is there, all right. . . . But we haven't tapped it yet. . . .

INSIDE THE MARKET

Savings deposits of individuals in various regions of the U. S. being analyzed by the SEC, according to one authoritative report. . . . Forced savings? Or freezing of savings accounts? Or just curiously for the next drive? Who knows. . . . But the fact that the survey is being made is highly significant. . . .

Taxable bonds may slip off some more during this drive due to sales by individuals, small firms and corporations wishing to make a good showing on subscription to new loan. . . . So they sell outstanding bonds, buy bigger block of new ones. . . .

Belief is there'll be less of a shift of funds away from big investing centers than in former drives, due to fact that selling is more decentralized this time and somewhat greater individual subscriptions in war centers will help maintain customary fund distribution. . . .

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R. J. Foster Now Is With Chas. Scranton

(Special to The Financial Chronicle)

NEW HAVEN, CONN.—Rufus James Foster has become associated with Chas. W. Scranton & Co., 209 Church Street, members of the New York Stock Exchange. Mr. Foster was formerly with Dick & Merle-Smith in New York City, and prior thereto was manager of the bond department for Shields & Co. and Foster & Co., Inc.

Rupert Bauer Joins Dean Witter & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Rupert F. Bauer has become associated with Dean Witter & Co., 634 South Spring Street. Mr. Bauer was previously with the California Bank as manager of the trading department.

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To Banks, Bankers and Institutional Investors:

We have prepared a table
"TREND OF DEPOSITS OF THE MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM SINCE DECEMBER 31, 1941—WITH DATA ON THIRTY SELECTED MEMBER BANKS"
together with interpretive comments.

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The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office
Volume 158 Number 4214
New York, N. Y., Thursday, September 23, 1943
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The Financial Situation

When the President is accused, as he is being accused, of delivering a campaign speech last week in the guise of a message to Congress, his critics doubtless mean to say that the document in question was prepared with at least one eye upon the election next year. This may well be true. The message has all the earmarks of a typical Rooseveltian pre-campaign deliverance. Be that as it may, there can be no gainsaying the fact that the message consists largely of a sort of apologia pro vita sua. As such it is in many ways an impressive document. It may possibly have a stimulating effect upon the war effort—within limits both of time and degree. But it naturally puts the best foot forward, omitting from the record altogether many vital current questions and problems upon which really successful conduct of the war in all its phases from this time forward depends. For this reason it could very well give the impression that all is well where the contrary is distressingly the fact, and thus tend to reduce the effectiveness of the magnificent effort the nation is putting forth to bring hostilities to an early and successful close.

Another Document

Unfortunately, perhaps, for the President, but quite fortunately for the country, another document was made available to the public almost simultaneously with the President's message. We refer, of course, to the report of Bernard M. Baruch, special adviser to James F. Byrnes, Director of Mobilization. This report, submitted more than a month ago, but not made public until late last week, deals with the manpower situation in the aircraft industry on the West Coast, but it is clear enough that the situation revealed there exists, mutatis, mutandis, rather generally throughout the country, in one important degree or another. It is truly remarkable what American industry has been able to accomplish since it went to war. The record becomes the more impressive when the severe handicaps under which American business has been obliged to operate are called to mind. It would appear that no one had fully appreciated the latent power of the American industrial system.

(Continued on page 1222)

Freedom From Financial Worry

Babson Discusses the Wallace Speech

All of us want to be free from worry about jobs or sickness or a poverty-stricken old age. We also want to see peace among workers, farmers and businessmen; and to secure freedom for venture capital and protection against monopolies or unreasonable government regulations. These are splendid goals for Vice-President Wallace and the rest of us to seek: but history teaches this simple fact: ONLY AS THE PERCENTAGE OF PEOPLE WHO OWN THEIR OWN HOME AND GARDEN AND HAVE THREE OR MORE CHILDREN AND LIVE BY A SANE RELIGION INCREASES ARE SUCH GOALS ATTAINABLE.

Roger W. Babson

Importance of Land

Although both **children** and **religion** are necessary for security, I will this week discuss only **land**. The soil is the basis of all security; yes, without land there would be no children nor religion! I am especially anxious to discuss land assessments and taxes. Readers will remember that some weeks ago, when discussing this subject, I asked them to write me as to how "land assessments" in their counties compare with actual values; also whether they had rather buy or sell land at the present time.

I am pleased to report that 70% of my replying readers want to buy land and only 30% want to sell. This shows that people are beginning to think wisely. Those desiring to buy predominate in the South and West where the assessments are low enough so that people can afford to own and work the soil. Those desiring to sell, predominate in the East. The replies indicate a strong desire to move out of the big cities into open spaces where people can have a little garden, fresh air and sunshine.

Where Are the Best Opportunities?

The largest group of people want to buy land in Texas. This means either that Texas' assessments are abnormally low, or else more people think Texas has the

(Continued on page 1226)

The News Behind The News

By PAUL MALLON

Trouble is rearing again on the international police force idea.

Senator Hatch construes the Ball-Lurton-Hatch Bill (which Vice-President Wallace endorsed) as calling for an international police force acting under orders of an international body.

Paul Mallon

Powerful Foreign Relations Chairman Connally says there can be no such force, and no such surrender of sovereignty.

The man whose views count more, State Secretary Hull, has announced only that the "means" of international action to keep the peace is being discussed (which may be significant in view of the fact that his now resigned assistant, Mr. Welles, promised an international police force).

Let us sift the argument for facts and analyze the residue. Fact Number 1 is that the term "international police force" is obviously a misnomer. What everyone means is not international policemen sauntering around the world with night sticks, but an international Army and Navy ready to do battle. The difference between a policeman and an international dive bomber measures the extent in which the discussion has been deceptively entitled.

When you call the argument by its right name, you also can measure accurately the extent to which

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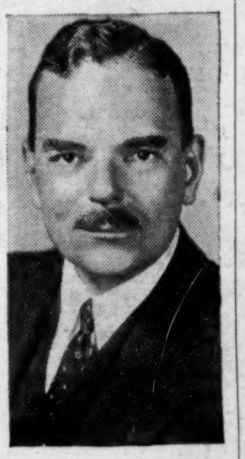
Dewey Says Private Enterprise Must Provide Post-War Jobs

Offers Seven-Point Program

Governor Demey's office at Albany announced on Sept. 20, publication of a booklet by the New York State Division of Commerce entitled, "A Man Can't Live on Glory." M. P. Catherwood is Commissioner of the Division.

"Designed to enlist the cooperation of the people of the State, particularly businessmen, in meeting the challenge of post-war problems, the booklet urges private enterprise in this State to provide 1,000,000 more jobs than existed in 1940 to insure employment of the State's returning war veterans after the war. It warns of "1,000,000 unemployed in New York State unless business creates jobs for them."


Gov. Thos. E. Dewey

In a foreword to the booklet, Governor Dewey outlines a seven-point program, already undertaken by the State Administration to aid in securing jobs for the men and women of the State who will be returned to civilian life after the war and to assist in the economic readjustment to peace-time conditions.

The Governor's foreword reads as follows:

"Just as it is imperative, when war clouds threaten, to be prepared for war, it is important during a war to prepare for peace.

"The State Government is at work to help its people adjust to peace-time conditions and to cooperate for a better future. These are some of the measures on which it is acting in partnership with the people of the State:

"1. The program of the Division of Commerce to stimulate high level employment and expand the productivity of our system of free enterprise, as described in this booklet. Even in the midst of their extraordinary war effort, the business men of New York State must be planning for the future. With its record of achievement in this war, American business enterprise can be sure of public support if it is ready with sound, workable proposals for meeting post-war problems and creating employment for our returning heroes and all others who want gainful occupations.

"2. Practical economy in State operations to keep taxes at a low level at a time of high Federal taxes to pay for the war; accumulation of a substantial State re-

(Continued on page 1229)

From Washington Ahead Of The News

By CARLISLE BARGERON

It would seem to be an appalling thing but nevertheless a fact, that there has been a tremendous let-down in recent weeks in the industry of professional internationalism. We mean the industry that was thriving on insistence that we show a "concern" in world affairs, that we express a determination right here and now to "assume our rightful position in world leadership in the future," that we go on record as intending to enter a "concert" of nations "prepared to enforce peace with men and arms." It was going great guns, the industry was. Men who couldn't support or deal with the first unit of government, the family, were talking fearlessly about a World Government. When you looked skeptically at them they challenged: "Do you want another world war?" They had difficulty telling you their own telephone number or the number of the house in which they lived, but they had every detail of world affairs at their finger tips.

The business of winning this war, of straightening out our chaotic domestic situation, couldn't get a hearing in the agitation. We had practically settled on Roosevelt for President of the world. We were really moving fast, or so the professional controversialists thought. It seemed that the only happy arrangement would be to make Roosevelt President of the world and Willkie, another world-minded man in that he had made a couple of trips to Europe, President of the United States.

The Republicans were in an awful stew, which was the purpose of the industry of internationalism, of agitation. They couldn't possibly hope to be successful unless they could grow up and quit talking about the farms, the industries of this country, its people, and learned to discuss world affairs informatively; so they were told. It alarmed them and had them running in all sorts of directions, and those who were saying, "Me, too, we are just as world-minded as the New Dealers," were being derided as insincere, as the so-called "isolationists" of the party knew they would be. They were making their party one of apologists.

We had the humorous spectacle, during the Congressional recess, of four Senators (two Democrats and two Republicans) going around the country to educate the people in world affairs. They

(Continued on page 1229)

The Financial Situation

(Continued from first page)

The Tasks Ahead

But that system is now being called upon for greater achievements during the remainder of the war, and the handicaps are increasing! Despite the phenomenal record which now lies before us, we should be unwise to proceed upon the easy assumption that there is absolutely no limit to what American industry can do, particularly in the circumstances by which it is now faced. This is but another way of saying that from this point on the over-all management of the war effort must improve greatly if we are reasonably to expect the results which the authorities agree must be obtained if carefully laid military plans are not to suffer seriously. It is this need for better management at the top that the President ignores. Probably nothing that he could have said would greatly improve the situation, however. What is needed is action, not words, but unfortunately appropriate action is still conspicuous by its absences.

It is upon this situation that the Baruch report throws a beam of disconcerting light at the same time that it offers certain constructive suggestions. Note the opening paragraphs of this document:

"As requested by Mr. Byrnes, we have been examining the manpower problem in the West Coast aircraft manufacturing plants, which was brought to your attention by Under-Secretary of War Patterson. Briefly, the facts cited by him were:

"'The Boeing plant in Seattle fell behind schedule by forty Flying Fortresses a month because of insufficient labor. In mid-July the Boeing plant was short 3,000 workers; Los Angeles aircraft plants by 15,000. Although a shortage of engines is now threatened, manpower—not the materials—promises to become the principal factor limiting production.

"'Instead of building up their labor forces to the numbers required to meet expanding production schedules, West Coast aircraft plants have been barely able to hold their own. If these conditions persist, we will fall short of the present aircraft production program for 1943 at a time when the military need for aircraft is greatest.'

* * *

"Proper handling of manpower has been made impossible by the failure of Government agencies to work as a team with a clearly defined program. Measures undertaken by one agency have been undone by the conflicting actions or inactions of other agencies. In discussions with officials of the War Production Board, War Manpower Commission, and other agencies we have sought to develop a program on which all agencies can agree and take action at once and one which will work."

Rather Typical

No recounting of the achievements of the past year or two, as impressive as they are, can detract from the force of these words. Neither can silence on the part of the President reduce the importance for the future of the picture they present. Mr. Baruch's terms of reference confined him to one situation which had developed to the point where concealment was no longer possible, and where further failure to act effectively would be far too damaging to the war effort to be thought of for a moment, but who can doubt that similar study of the entire industrial picture would bring to light many other situations of a like sort? Who can believe that bungling, lack of effective team work, and inexcusably poor planning have been confined to manpower problems? And who can summon the credulity to suppose that anything approaching maximum results can be achieved during the next year or two if situations of the sort are to be permitted to continue to exist? Yet what assurance have we that they will not be?

The thoughtful citizen will read the Baruch report with the fact carefully in mind that this document addresses itself solely to one aspect of the West Coast labor situation. The remedies suggested are drastic in the extreme at points, and even then it would appear that they are expected to be fully effective (if at all) only by transferring necessary work to other sections of the country. The report, for good and sufficient reasons without doubt, refrains from direct expression of opinion as to the possibility of meeting the demands of the armed services with the manpower that the military authorities are willing to leave in industrial pursuits.

Belated "Concession"

Yet recent events have forced this matter upon the attention of the authorities, and indeed obliged them by deeds if not in words to admit that they had been asking the impossible. Arthur Krock in the New York "Times" of Sept. 19 reports the facts of this situation succinctly as follows:

"The Army stubbornly clung to its 8,200,000 goal for 1943 when it was evident that collateral factors were and would be lacking which would make that number feasible or effective by the end of this year.

"When this was pointed out—by former President Hoover publicly, and by Mr. Baruch and several civilian war administrators privately—the President, Secretary Stimson and Under-Secretary Patterson lectured the dissenters, and Mr. Stimson in a formal broadcast said that, while he was trying to shorten the war and save lives, they were thinking only of their comforts.

"But the conflicting and deterring elements in the manpower situation were permitted to continue in destructive operation, and long before the surrender of Italy the Army had to reduce its sights to 7,700,000 by the end of 1943—more than some of the abused critics had suggested."

Whether this belated "concession" of the authorities is to be taken to indicate a real, if long overdue, grasp of the true inwardness of the over-all situation, or is merely a temporizing adjustment more or less in the nature of a tactical maneuver, remains for the future to disclose.

But the manpower problem of the day has not one but many roots. It is a matter not only of finding men to work at the benches and to fight on the various fronts, but of making the utmost use of the available labor force. The Baruch report at one or two points touches upon the broader aspects of the problem. For example:

"Some West Coast aircraft manufacturers complain that more than one-fourth of their time is taken up in answering Government inquiries and questionnaires and in being interviewed by representatives from different Government agencies.

"The aircraft companies have expanded so rapidly that their management is spread rather thin, too thin to bear so great a burden of Government curiosity.

* * *

"Uncertainty in the minds of manufacturers as to policies the Government will pursue in terminating or canceling war contracts also is likely to distract them from their best production efforts. The various procurement agencies have been working on the formation of such a policy.

"If left to themselves, those agencies might develop conflicting policies which would confuse industry. It would seem wiser to have the agencies agree on a uniform policy which can be announced in the near future so that manufacturers will know what to expect."

It is, perhaps, excusable for the Administration to preen its feathers a little after past accomplishments, even if it takes credit which belongs elsewhere, but it would be fatal for it to permit its self-satisfaction to cause neglect of conditions which could bring its house tumbling down about its head—and, more important, about the head of the nation.

If . . . .

"If this labor budget plan (of the Baruch report) is to work, there must be adequate delegation of power from all Washington agencies to their West Coast representatives and the communities themselves must get on the team. The job cannot be done from Washington.

"The best men available must be put in charge in the field. There also must be a clear realization on the part of all agencies of the responsibilities that each must carry out. The right hand controlling labor supply, and the left hand controlling production demands, must work together.

"The time must end when agencies spend their energies battling to build up empires of power. It is time to reassert the fact that there is one Federal Government—speaking with one voice—not a 'centimouth.'

* * * *

"We have always felt that the American people will voluntarily do what is expected of them as long as they know what is wanted and why, and feel that they are being treated fairly."—From the Baruch report on West Coast aircraft manpower problems.

As to whether the "Labor budget plan" will in the most favorable circumstances really solve the West Coast aircraft manpower problems, we are not in a position to express an opinion.

What we are certain of is that the conditions set forth here are a prerequisite for the success of any plan.

This fact is, after all, the most important thing.

Americans Should Decide Now Kind Of Post-War Economic Order They Desire

Using as his theme "Action and Reaction of the War Economy," David A. Weir, Assistant Executive Manager, National Association of Credit Men, New York, told some three hundred New Jersey and New York credit executives gathered at the Suburban Golf Club near Newark on Sept. 16, that Americans need now "to think in terms of the kind of social and economic order they desire after the war is concluded." Mr. Weir who was the principal speaker at the first dinner meeting of the fall season of the New Jersey Association of Credit Men continued as follows:

"At a time when we have every right to be optimistic as to the ultimate conclusion of our war effort we have a corresponding duty to think in terms of the peace which will follow. This is especially true regardless of our views as to when victory will actually come."

"One of the faulty assumptions which seems to exist in many quarters is that wartime economic conditions are distinct entirely from pre-war economic policies and post-war economic probabilities. We have been willing to give up many principles in which we normally believe for the sake of making an all-out effort in our winning of the war. We need now to think in terms of the kind of social and economic order we desire after the war has been concluded."

"We are all willing to admit now that the coming of the war found us unprepared in both a military and economic way. Perhaps the majority of us as citizens must share the blame for this unpreparedness. Unless we begin to think now in terms of our after-war order we shall also have to share the blame for lack of preparedness to meet conditions when Victory comes.

"On the economic front it is regrettable that prior to the war the idea of an economics of scarcity had permeated much of the thinking and action in this country. This was reflected in the emphasis being placed upon more equitable distribution of goods without comparable emphasis being placed upon the necessity for producing if we were to have goods for distribution. As a result there were many barriers erected to discourage industrial production. In agriculture we proceeded upon the assumption that by destroying products or limiting production we might achieve a greater degree of prosperity. In our labor relationships the doctrine was preached that in order to assist labor we should even encourage less production by labor. We assumed further that any lag which might come because of the decreased production of goods could be taken up by having a bountiful government provide funds for those who suffered from this decreased production. This last idea was based upon the entirely false assumption that a government is a productive agency. As a matter of fact government has nothing except that which comes from a working citizenry and government aid must of necessity, therefore, mean taking away from a part of citizenry and giving to another part of it.

"In all of this economics of scarcity undue emphasis is likely to be placed upon security alone and too little emphasis upon those factors which make security possible. Security is something which must be earned and unless it is earned an insufficient amount of goods will be produced. With an insufficiency of products security becomes nothing more than a pleasing word rather than a reality. While, therefore, we must naturally look upon security as one goal of our social and economic order we must recognize the necessity for continued incentive toward greater and greater productive activity.

"In mentioning these fallacies in our prewar economic thinking there can be only one valid purpose. That purpose is not one of fruitless criticism for what has been done in the past. The only valid purpose is to warn against making the same mistakes in the future. Our war effort has undoubtedly suffered materially because of the existence of this economics of scarcity prior to the war. It is our job now to see to it that our peace effort does not suffer similarly by carrying over of these prewar fallacies into the post-war era."

Industrial Reconversion After War Can Be Met By American Business Leaders Says Stevenson

The stupendous task of industrial reconversion can be met if American business leaders will apply to post-war problems the same progressive intelligence and incomparable industry used to meet wartime emergencies, according to John A. Stevenson, President of The Penn Mutual Life Insurance Company, who addressed the 54th annual meeting of the National Association of Life Underwriters at Pittsburgh on Sept. 15 on the topic, "The Challenge of Trained Leadership." In his address, Mr. Stevenson said:

"All the genius, initiative and vision of our industrial leaders will no doubt be drafted to achieve a peace-time production level which will provide full employment to utilize the greatest army of trained manpower in the nation's history. American business is meeting magnificently the challenge of the war. Now it must prepare to meet the challenge of the peace. The need for alert and aggressive management and leadership will be more urgent than ever before.

"When the war ends, the United States will be one of the main sources of supply for the world, with its industrial and production facilities expanded and intact. New frontiers of business must be created. The war stimulus which harnessed a great industrial nation to a military machine could be profitably used for the even greater task of creating new channels of production and modernizing old ones, and the drive, force and urgency of war-time tempo, if kept at white heat, will make possible the accomplishment of the tremendous job of reconversion and rehabilitation.

"We must carry the spirit of aggression into private enterprise. Military men have learned the value of keeping in step. If industry attempts to use the old formulas, it will fall by the wayside. In order to dramatize the peace, we will need leaders who are pioneers, innovators, experimenters, even risk-takers. Stagnant and static leadership leads nowhere except into oblivion. There will be no business as usual after these 'globallistics' are over. We will need strong, vigorous and daring leadership. Obviously we cannot and should not scrap caution, good business judgment and deliberation, but we should cling tenaciously to ideas that are up-to-date. The war has shattered many precedents.

"Armistice Day will be commencement day for a new type of American business leadership. Men have pushed out physical and geographical boundaries and widened their horizons. Leaders working on blueprints of a new world must push out their mental horizons to embrace wider concepts and broader-gauged methods. It's the absolute responsibility of business to hold the reins of leadership."

Urging more democracy in business, Mr. Stevenson said:

"We all know that there are martinets in business organizations as well as dictators in nations and their effect on the people who come under their authority is equally unhealthy. Exclusion of people from participation in etiher government or management has the effect of suppressing their initiative and destroying their capacity to further the interests of an organization. If we really believe that the opportunity democracy offers for individual development leads to a better state, then, as business leaders, we should realize that excluding members of our organizations from an opportunity to make contributions is a short-sighted policy.

"When urging that the channels for the inflow of opinions and suggestions be kept open, obviously I don't mean that, in formulating procedures, we should be buffeted around by every passing whim or half-baked plan that is offered. The challenge to trained leadership involves the proper evaluation of ideas. The democratic form of government will work if our leaders have an intelligent understanding of the problems to be faced and if our citizens are willing to substitute voluntary cooperation for force. In the same way, democratic methods will work in business if leadership is willing to shoulder the necessary responsibilities and all the people in the business are willing to cooperate in reaching the desired objective.

"The position which life insurance holds in our national economy will not be maintained by leaders who shut their eyes to the fact that we live in a changing world and who offer the formulas of previous eras as the solution of present-day problems. It will be maintained only by leaders who have sufficient insight into the problems to understand on what basis we can operate with maximum efficiency and enough foresight to adopt procedures which will enable life insurance to make its maximum contribution to the economic life of the nation."

Securities Market Price Effects Of Early Peace Talks In Two World Wars

The August issue of "The Exchange," monthly publication of the New York Stock Exchange, contains an article on the "Price Effects of Early Peace Talks in Two World Wars."

The article states in part:

"The eclipse of Mussolini on July 25, 1943, injected thoughts of peace moves into the securities market and aided to bring about a brisk price decline. The event had familiar aspects for market observers who remembered World War I.

"Kaiser Wilhelm called for a special session of the Reichstag on Dec. 11, 1916, soon after Rumania had surrendered to the Germans. Peace feelers went out from Berlin. Securities and grain markets receded sharply in America. On Dec. 19 Premier David Lloyd George, of England, demanded that the Germans "make complete restitution, full reparation, and give effectual guaranties against repetition." Prices hardened but on the next day President Wilson asked all the belligerents to state their aims and the markets fell further. On Dec. 21 the Dow, Jones & Co. industrial stock average reached its lowest level of that month and a rally began with irregular, hesitant movements later."

The magazine article contains a table showing price comparisons over 21 days on each occasion, down to the date when prices gave indications of a recovery. From the table, it is shown that, while many individual "war babies" of 1916 experienced sharper percentage recessions, a number of the 18 stocks receded little further than they did after Mussolini stepped out of the military picture. Considering the more vigorous speculation of 1916, the price contrasts suggest that peace talk maintains its influence in one war much as in another, says the article, which goes on to say:

"In the 21 days from Dec. 1, 1916, to the day when the Dow, Jones industrial average reached the bottom of the reaction, the general market showed a retreat of 13.65 'points,' compared with a recession of 11.82 'points' over a similar period to the level of at least temporary stability after Mussolini's fall. The bottom of the dip in 1916 was reached on Dec. 21 with the average at 90.16. (The fact that the index stands much higher now than 27 years ago is due to adjustments caused in the interval by reason of split-ups and other factors affecting the stocks used in calculating the Dow, Jones & Co. figures; in 1916, 20 stocks were employed instead of the current 30.)

"From 90.16 the average rebounded to 99.18 by Jan. 7, 1917, then receded to 95.13 on Jan. 13 and remained in that neighborhood for the remainder of the month.

"Then came another war development which, while foreseen in some quarters, brought a shock, nevertheless, although of a kind exactly the opposite of the Kaiser's peace move. Knowledge that unrestricted warfare by German submarines was at hand aided in carrying the average back to 87.81 on Feb. 2. This portended a longer war instead of a short one, but we are concerned with the American speculative market practice of jumping suddenly whatever the news, provided that it is unexpected.

"By Feb. 20, 1917, the average had recovered to 94.91 and, after a short reaction, it went to 98.20 in the first three weeks of March, ending that month at 95.41. In April the United States entered the war . . . bad news if there ever was any . . . and the index ranged between 90.66 and 97.06, with 93.23 recorded as April ended. May brought a recovery with 97.38 the average at the end of the month. In June a gradual downward drift got under way, led by the so-called 'war babies' until 65.95 was established in December—a decline of some 24 points in a little more than a year —with final dealings of that month on a rising price trend.

"From February, 1918, to the end of the war and the end of the year, the index moved between 75.58 and 89.97, with the tendency upward after the German defeat was sensed publicly.

"If anything can be made of the parallel as time goes on, the task may be left to the chart makers. Hindsight suggests that the bloom went off the speculative rose with the Kaiser's bid for peace in 1916, although the war was to last almost two more years.

"The fact was that a great deal of discounting of corporation war profits was done with the speed no longer witnessed in modern stock markets during 1915 and the early months of 1916, with the rise of Bethlehem Steel from around 60 to a level above 600 pacing the price procession."

Federal Government Needs Draftsmen

Over a hundred draftsmen are being sought by the U. S. Civil Service Commission for work in Federal agencies that is necessary to the prosecution of the war. Entrance salaries range from $1,752 to $3,163 a year, including pay for the eight hours of overtime incorporated in the 48-hour Federal workweek. The advices from the Commission also state:

"Draftsmen of all types are needed, particularly ship, electrical, and mechanical draftsmen, as well as topographic draftsmen. Agencies needing these types of personnel in the greatest numbers are the several bureaus of the Navy Department, the Coast and Geodetic Survey of the Department of Commerce, and the Geological Survey of the Department of the Interior. The Treasury Department and the War Production Board utilize statistical draftsmen.

"Qualified engineering draftsmen in any field are urged to apply. However, persons without previous experience in the fields where needs exist may be appointed and trained in the subject. Women are especially desired. Applicants having training or experience primarily in commercial art, interior decorating, etc., which included any drafting training or experience will be considered.

"For positions paying $1,752 a year, requirements are at a minimum. Persons may qualify with six months of practical elementary full-time paid drafting experience, or with completion of one of the following types of study: at least three semesters of training in drafting in high school; or a thorough course of drafting requiring actual classroom work in a school specializing in drafting; or a U. S.-approved ESMWT course in engineering drafting; or a course in drafting in a college or university.

"Persons enrolled in drafting courses are urged to apply, since they may be appointed prior and subject to the completion of these courses.

"For the higher-paying positions in all fields, additional experience or study in drafting appropriate to the grade of the position is necessary.

"The need for draftsmen is greatest in Washington, D. C. However, draftsmen are also needed in all parts of the United States as well as its territories and possessions.

"Persons now using their highest skills in war work should not apply. Federal appointments are made in accordance with War Manpower Commission policies and employment stabilization plans.

"Interested persons may secure Announcement 283 and application forms from first and second class post offices, from Civil Service regional offices in regional headquarters' cities, or from the U. S. Civil Service Commission. Applications should be sent to the U. S. Civil Service Commission, Washington 25, D. C."

The State Of Trade

There were slight setbacks registered by a number of the leading industries the past week. Electric power production showed a falling off from the previous week, and carloadings were again lower. However, steel operations continue at a high level, with the promise of further peak levels later on. The retail trade continues to make a favorable showing, with department stores of the country recording a sales rise of 10% over last year.

Reflecting the Labor Day holiday, production of electricity dropped sharply to 4,229,262,000 kilowatt hours in the week ended Sept. 11 from the all-time high of 4,350,511,000 reached the week before, according to the Edison Electric Institute. This was 18% above the 3,583,408,000 kilowatt hours distributed in the 1942 period.

Consolidated Edison Company of New York announced system output of 200,900,000 kilowatt hours in the week ended Sept. 12, up 27% over the year ago total of 158,100,000.

Loading of revenue freight for the week ended Sept. 11 totaled 834,671 cars, according to the Association of American Railroads.

This was a decrease of 66,404 cars, or 7.4% (on account of Labor Day holiday), compared with the preceding week; an increase of 19,774 cars, or 2.4% compared with the corresponding week a year ago, and a decrease of 79,985 cars, or 8.8% compared with two years ago.

Steel production for the current week will be at the highest level in national history, according to the American Iron & Steel Institute.

Schedules this week call for use of 100.6% of rated capacity with production of 1,753,400 net tons of ingots and castings. The previous peak was two weeks ago, when operations were at 100.3% and output was 1,748,000 tons. Last week the operating rate was 99.6 and output 1,736,000; for the like 1942 week production was 1,645,700 tons.

The Commerce Department reported that the July rise in industrial production, together with indications of a continued rise in August, "overcame the setback connected with the coal strike."

Although representing the first upturn since April, the department added that it "has not solved the basic economic problem confronting the nation—how to raise war and essential civilian goods output by the last few billions needed to attain the wartime peak, while at the same time continuing to avoid inflation."

Asserting that "the manpower bottleneck" unquestionably has retarded the flow of goods and services, an article in the department's "Survey of Current Business," adds:

"The stringency will almost inevitably become more critical in the autumn after millions of young people have returned to school. Then the year-end requirements of the armed forces and of essential industries can be met only by extensive (2,400,000) transfers of workers from less to more essential industries or the armed forces and by the accession of about 1,000,000 non-workers to the labor force. The magnitude of the nation's maximum war effort hinges directly on the success of this further mobilization of manpower."

Retail trade enjoyed an upward surge this week as early fall weather had a favorable effect on consumer purchasing, according to the weekly report issued by Dun & Bradstreet, Inc. Promotional activity was high with a part of advertising space devoted to the Third War Loan for the second successive week.

Increased activity in the wholesale market was attributed to heavy mail ordering and a considerable increase in the number of buyers at various marts. The tight situation in deliveries continued to have considerable influence on available supplies, the report says.

The wholesale price index of 30 basic commodities rose from 171.64 to 172.30 during the week. The wholesale food price index remained at $4.06 for the third consecutive week, representing a rise of 6.3% over the corresponding 1942 week.

Department store sales on a country-wide basis were up 10% for the week ended Sept. 11, compared with the like period a year ago, according to the Federal Reserve Board.

Store sales were up 6% for the four-week period ended Sept. 11, compared with last year.

Department store sales in New York City in the week ended Sept. 18 were 8% larger than in the corresponding week last year, according to a preliminary estimate issued by the Federal Reserve Bank of New York.

In the previous week ended Sept. 11 sales of this group of stores increased 4% over the like 1942 week.

Wholesale grocery and drug business transacted with retail merchants in small towns has increased 20% during the last 12 months, according to a survey released by Earl E. Sproul, Vice-President of Western Newspaper Union.

Roosevelt's Message To Congress Pledges New Blows At Axis; Asks For More Output

President Roosevelt told Congress on Sept. 17, in a special message reviewing events on the war and home fronts, that definite times and places for new landings of Allied forces against Germany and Japan have been selected.

The President called for "a constant stepping up of our production here at home" in order that the Allies may continue to have a definite superiority in planes, guns, tanks, ships and other weapons of war.

Mr. Roosevelt gave four principal reasons why "we are still a long, long way from ultimate victory in any major theater of the war," as follows: (1) that "we face a hard and costly fight, up through Italy"; (2) the need for striking "not just in one direction but in many directions . . . with overwhelming forces and equipment"; (3) that "the Russian armies still have far to go before getting into Germany itself"; (4) the urgency for breaking through the Japanese defensive ring at many points.

Declaring that "in all of history there has never been a task so tremendous as that which we now face," the President said we can and will do it, but "we must plan and work and fight with every ounce of intelligence and energy and courage we possess."

While admitting that German power "can still do us great injury," Mr. Roosevelt stated that "that evil power is being destroyed, surely, inexorably, day by day, and if Hitler does not know it by now, then the last trace of sanity has departed from that distorted mind."

As to the situation in the Orient, the President said "a long and difficult fight" is faced there and we must be prepared for heavy losses in winning that fight. He added that "the power of Japan will not collapse until it has been literally pounded into the dust."

He proclaimed that when Japan surrenders, the United Nations never again will allow her to have authority over territories mandated to her by the League of Nations because "Japan obviously is not to be trusted." And Japan will be required to return the vast territories she stole from China long before this war started.

In warning against over-confidence the President asserted that "nothing we can do will be more costly in lives than to adopt the attitude that the war has been won—or nearly won," thus resulting in "a let-down in the great tempo of production which we have reached."

Taking cognizance of the fact that there have been complaints from some sources about the way production and other domestic activities have been carried on, the President said:

"Some of these complaints, of course, are justified. On the other hand, some of them come from selfish people who merely do not like to give up some of their pleasures or a part of their butter or meat or milk.

"Fair-minded citizens, however, will realize that although mistakes have been made, the job that has been done in converting peace-time America to a war-time basis has been a great job and a successful one, of which all our people have good reason to be proud."

The text of President Roosevelt's message to Congress follows:

To the Congress of the United States:

During the two months' recess of the Congress many important events have occurred at the war fronts and at home. You return at a time major battles in Europe and in Asia are beginning to be joined. In recent months the main tides of the conflict have been running our way—but we could not and cannot be content merely to drift with this favorable tide.

You know from the news of the past few days that every military operation entails a legitimate military risk and that occasionally we have checks to our plans—checks which necessarily involve severe losses of men and materials.

The Allied forces are now engaged in a very hard battle south of Naples. Casualties are heavy. The desperation with which the Germans are fighting reveals that they are well aware of the consequences to them of our occupation of Italy.

The Congress and the American people can rest assured that the landing on Italy is not the only landing we have in mind. That landing was planned at Casablanca. At Quebec the leaders and the military staffs of Great Britain and the United States made specific and precise plans to bring to bear further blows of equal or greater importance against Germany and Japan—with definite times and places for other landings on the continent of Europe and elsewhere.

On the 10th of July a carefully prepared expedition landed in Sicily. In spite of heavy German opposition it cleared this large and heavily fortified island in 38 days.

British, Canadian and American losses in killed, wounded and missing in the Sicilian campaign were 31,158. of which the American forces lost 7.445. The casualties among the Italians and Germans were approximately 165,000 including 132,000 prisoners.

The unmistakably sincere welcome given to the Allied troops by the Italian people has proved conclusively that even in a country which had lived for a generation under a complete dictatorship—with all of its propaganda, censorship and suppression of free speech and discussion—the love of liberty was unconquerable.

It has also proved conclusively that this war was not waged by the people of Italy on their own choice. All of Mussolini's propaganda machine could not make them love Hitler or hate us. The less said about the feelings toward Mussolini, the better.

I believe that equal jubilation and enthusiasm will be shown by the people of the other nations now under the German heel when Nazi gauleiters and native Quislings are removed through force or flight.

How different was this invading army of the Allies from the German forces that had come into Sicily, ostensibly to "protect it." Food, clothing, cattle, medicines and household goods had been systematically stolen from the people of Sicily and sent north to the "master race" in Germany. Sicily, like other parts of Italy, and like the other satellite and conquered nations, had been bled white by the Nazi and Fascist governments. Growers of crops were permitted to retain only a small fraction of their own produce for themselves and their families.

With the Allied armies, however, went a carefully planned organization, trained and equipped to give physical care to the local population—food, clothing, medicine. This new organization is also now in the process of restoring to the people of Sicily freedoms which for many years had been denied to them. I am confident that, within a year, Sicily will be once more self-supporting—and, in addition to that, once more self-respecting.

From Sicily the advance of the Allied armies was continued to the mainland. On the third day of September they landed on the toe of the Italian peninsula. These were the first Allied troops to invade the continent of Europe in order to liberate the conquered and oppressed countries. History will always remember this day as the beginning of the answer to the prayer of millions of liberty-loving human beings not only in these conquered lands but all over the world.

On July 25—two weeks after our first landings in Sicily—political events in Italy startled the world. Mussolini, the incubus of Italy for a generation, the man who is more responsible for all of the sorrows of Italy than anyone, except possibly Hitler himself, was forced out of office and stripped of his power as a result of his own dismal failures, his wanton brutalities, and the overwhelming demand of the Italian people. This was the first break in Axis leadership—to be followed, we are determined, by other and similar encouraging downfalls.

But there is one thing I want to make perfectly clear: when Hitler and the Nazis go out, the Prussian military clique must go with them. The war-breeding gangs of militarists must be rooted out of Germany—and out of Japan—if we are to have real assurance of future peace.

Early last month the relentless application of overwhelming Allied power—particularly air and sea power—convinced the leaders of Italy that it could not continue an active part in the war. Conversations were begun by them with us. These conversations were carried on with the utmost secrecy. Therefore, much as I wished to do so, I would not communicate the facts of the case to the Congress or the press, or to those who repeatedly expressed dismay or indignation at our apparent course in Italy. These negotiations turned out to be a complete surprise to nearly everyone, not only to the Axis but to the Italian people themselves.

I am sure that the Congress realizes that there are many situations in this war—and there will be many more to come—in which it is impossible for me to make any announcement or even to give any indication of the policy which we are following. And I ask the American people as well as the Congress to bear with me and with our Chiefs of Staff. It is difficult to remain silent when unjustified attack and criticism come from those who are not in a position to have all the facts.

But the people and the Congress can be sure that the policy which we follow is an expression of the basic democratic traditions and ideals of this Republic. We shall not be able to claim that we have gained total victory in this war if any vestige of Fascism in any of its malignant forms is permitted to survive in the world.

The armistice with Italy was signed on Sept. 3 in Sicily, but it could not be put into effect until Sept. 8, when we were ready to make landings in force in the Naples area. We had planned these landings some time before, and were determined to go through with them, armistice or no armistice.

Italian leaders appealed to their army and navy to end hostilities against us. Italian soldiers, though disorganized and ill-supplied, have been fighting the Germans in many regions. In conformity with the terms of unconditional surrender, the Italian fleet has come over to our side, and it can be a powerful weapon in striking at the Nazi enemies of the Italian people.

When Hitler was forced to the conclusion that his offensive was broken, and he must go on the defensive, he started boasting that he had converted Europe into an impregnable fortress. But he neglected to provide that fortress with a roof. He also left various other vulnerable spots in the wall of the so-called fortress—which we shall point out to him in due time.

The British and American air forces have been bombing the roofless fortress with ever-increasing effectiveness. It is now our purpose to establish bases within bombing range of southern and eastern Germany and to bring devastating war home to these places by day and by night as it has already been brought to western Germany.

When Britain was being subjected to mass bombing in 1940 and 1941 — when the British people, including their King and Prime Minister, were proving that Britain "could take it"—the strategists of the Royal Air Force and of our own Army Air Forces were not idle. They were studying the mistakes that Goering and his staff of Nazi terrorists were making. These were fatal mistakes, as it turned out.

Today we and the British are not making those mistakes. We are not bombing tenements for the sheer sadistic pleasure of killing, as the Nazis did. We are striking devastating blows at carefully selected, clearly identified strategic objectives — factories, shipyards, munition dumps, transportation facilities, which made it possible for the Nazis to wage war. And we are hitting these military targets and blowing them to bits.

German power can still do us great injury. But that evil power is being destroyed, surely, inexorably, day by day, and if Hitler does not know it by now, then the last trace of sanity has departed from that distorted mind.

We must remember that in any great air attack the British and Americans lose a fairly high proportion of planes, and that these losses must be made up quickly so that the weight of the bombing shall not decrease for a day in the future. In fact, a high rate of increase must be maintained according to plan—and that means constant stepping-up of our production here at home.

In the remarkable raid on the Ploesti oil fields in Rumania we lost 53 of our heavy bombers, and more than 500 of our finest men are missing. This may seem like a disastrously high loss, unless you figure it against the damage done to the enemy's war power. I am certain that the German or the Japanese High Commands would cheerfully sacrifice tens of thousands of men to do the same amount of damage to us if they could. Those gallant and brilliant young Americans who raided Ploesti won a smashing victory which, I believe, will contribute materially to the shortening of the war and thus save countless lives.

We shall continue to make such raids all over the territory of Germany and the satellite countries. With Italy in our hands, the distances we have to travel will be far less and the risks proportionately reduced.

We have reliable information that there is definite unrest and a growing desire for peace among the peoples of these satellite countries — Rumania, Hungary, Finland and Bulgaria. We hope that in these nations the spirit of revolt against Nazi dominance which commenced in Italy will burst into flame and become a consuming fire.

Every American is thrilled by the seldge-hammer blows delivered against the Nazi aggressors by the Russian armies. This summer there has been no successful German advance against the Russians, as in 1941 and 1942. The shoe today is on the other foot—and is pinching very hard. Instead, the Russians have forced the greatest military reversal since Napoleon's retreat in 1812.

The recapture of Kharkov, Stalino and other strongholds by the Russians, the opening of the Ukraine and the Donets Basin, and the freeing of millions of valuable acres and hundreds of inhabited places hearten the whole world as the Russian campaign moves toward the elimination of every German from Russian soil—toward the invasion of Germany itself. It is certain that the campaign in North Africa, the occupation of Sicily, the fighting in Italy and the compelling of large numbers of German planes to go into combat in the skies over Holland, Belgium and France by reason of our air attacks, have given important help to the Russian armies along their advancing front from Leningrad to the Black Sea. We know, too, that we are contributing to that advance by making Germany keep many divisions in the Balkans, in southern France and along the English Channel. I like to think that these words constitute an understatement.

Similarly, the events in the Mediterranean have a direct bearing upon the war against Japan.

When the American and British expeditionary forces first landed in North Africa, last November, some people believed that we were neglecting our obligations to prosecute the war vigorously in the Pacific. Such people continually make the mistake of trying to divide the war into several water-tight compartments — the western European front — the Russian front—the Burma front—the New Guinea and Solomons front, and so forth—as though all of these fronts were separate and unrelated to each other. You even hear talk of the air war as opposed to the land war or the sea war.

Actually, we cannot think of this as several wars. It is all one war, and it must be governed by one basic strategy.

The freeing of the Mediterranean, which we started last fall, will lead directly to the resumption of our complete control of the waters of the eastern Indian Ocean and the Bay of Bengal. Thus we shall be enabled to strike the Japanese on another of their highly vulnerable flanks.

As long as Italy remained in the war as our enemy—as long as the Italian fleet remained in being as a threat—a substantial part of British naval strength had to be kept locked up in the Mediterranean. Now that formidable strength is freed to proceed eastward to join in the ever-increasing attack upon the Japanese. It has not been sufficiently emphasized that the freeing of the Mediterranean is a great asset to the war in the Far East.

There has been one serious gap in the lines of our globe-girdling sea power. That is the gap between northwest Australia and Ceylon. That gap can now be closed as a result of victory in the Mediterranean.

We face, in the Orient, a long and difficult fight. We must be prepared for heavy losses in winning that fight. The power of Japan will not collapse until it has been literally pounded into the dust. It would be the utmost folly for us to try to pretend otherwise.

Even so, if the future is tough for us, think what it is for Gen. Tojo and his murderous gang. They may look to the north, to the south, to the east or to the west. They can see closing in on them from all directions the forces of retribution under the Generalissimo Chiang Kai-shek, General MacArthur, Admiral Nimitz and Admiral Lord Mountbatten.

The forces operating against Japan in the various Pacific theatres are just as much interrelated and dependent on each other as are the forces pounding against Germany in Europe.

With the new threats that we offer from the Aleutians, Japan cannot afford to devote as large a proportion of her forces to hold the lines in other areas.

Such actions as the taking of Attu and Kiska do not just happen. They are the results of careful and complete planning which was going on quietly while some of our critics were so perturbed that they had reached the verge of tears over what they called the threatened invasion of Seattle, Portland, San Francisco and Los Angeles. It was difficult for them to realize that the carefully prepared and crucial tests in the Coral Sea and at Midway and in the Solomons rendered the Japanese toe-hold in the Aleutians untenable.

Japan has been hard put to it to maintain her extended lines. She had to withdraw her garrison from Kiska in the face of the oncoming American-Canadian forces because she could not maintain a steady stream of adequate reinforcements and supplies to the Aleutians.

In the Solomon Islands, with heavy fighting, we have gained so many island air bases that the threat to Australia and New Zealand across the Coral Sea has been practically dissipated. In fact, it is safe to say that our position in that area has become a threat on our part against the Japanese in the seas that lie north of the Solomons and north of New Guinea.

American Australian, New Zealand and Dutch forces in a magnificent campaign in New Guinea and the Solomons have destroyed much Japanese strength and have gained for us new bases from which to launch new offensive operations.

After a long period of defensive strategy in Burma we are determined to take the offensive there. I am also glad to report to you that we are getting more supplies and military help to China. Almost every day word comes that a new air battle has destroyed two and three times more Japanese planes in China and Burma than we ourselves have lost. That process will continue until we are ready to strike right at the heart of Japan itself.

It goes almost without saying that when Japan surrenders the United Nations will never again let her have authority over the islands which were mandated to her by the League of Nations. Japan obviously is not to be trusted. And the same thing holds good in the case of the vast territories which Japan has stolen from China starting long before this war began.

Since the beginning of our entrance into the war, nearly two years ago, the United Nations have continuously reduced enemy strength by a process of attrition. That means, cold-bloodedly, placing the ever-increasing resources of the Allies into deadly competition with the ever-decreasing resources of the Axis. It means the training and use of the Allied man-power — which is greater than the Axis. It means the use of our superior facilities and ability to make more munitions, and above all aircraft, more quickly than our enemies can do.

For example, the Allies today on the European front have a definite superiority in almost all weapons of war on any and every point of the encircling line—more guns, more tanks, more planes, more trucks, more transports, more supply ships and more warships.

In the Pacific we have taken a steady toll of Japanese war planes and a steady toll of Japanese ships—merchant ships and naval vessels. The odds are all in our favor—for we grow in strength and they cannot even replace all their losses. It might be called a simple mathematical progression.

However, unless we keep up and increase the tempo of our present rate of production, this greater strength in planes and guns, tanks and ships can all be lost.

Our great production program started during the darkest days of 1940. With the magnificent contribution made by American industry and American labor, it is approaching full production. Britain has already attained full production. Today the British Empire and the United States, together, are turning out so much of every essential of war that we have definite superiority over Germany and Japan which is growing with every succeeding minute. But we have no minutes to lose.

Realization of the distances we must cover brings to mind problems that every American should realize—problems of transporting from our shores to the actual fighting areas the weapons and munitions of war which we make. Burma and China can be reached only with extraordinary difficulty. Two years ago most of the planes we sent had to be knocked down, crated, put on board ship, transported, then uncrated and put together again in India, and from there sent up to the fighting front.

In the case of China, they had to be flown over enormous mountains. Even after they were safely delivered there the planes had to be kept supplied with ground crews, tools, oil, gasoline and even spare parts. Since the Japs cut the Burma Road all these supplies have to be flown over hundreds of miles to bases which had to be built in China.

The same slow process was also the rule in the southwest Pacific.

With the present increased range of airplanes and the establishment of additional bases, we are now flying more of them under their own power than before, but all the things that go to supply them—the gasoline, the tools, the spare parts—still have to be taken by ship to the fighting fronts all over the world. Practically every soldier and all his weapons and equipment have to go by ship. And every time a new forward move develops the whole outfit has to go by ship.

I wonder how many people realize what it means to carry on the war across the Atlantic and the Pacific and through the Mediterranean and the Indian Ocean, along lines of supply attacked by submarines and dive bombers at many points.

The combined operation of the British and Americans last November against Morocco and Algeria was in point of numbers the largest military movement over the longest number of miles to landings under fire that history has recorded anywhere.

The ships for such an amphibious operation cannot be loaded in the ordinary way, to be unloaded alongside a comfortable safe wharf. Most of the ships must be "combat loaded" in such a way that the troops go ashore first and are immediately followed in the proper order by guns and ammunition, tanks, trucks and food, medical equipment and all the supplies of a modern army. Preparations must be made to conduct these landings under enemy fire, and on beaches instead of at docks. People who have seen or planned this kind of operation, even over short distances, do not speak glibly about landing great expeditions on a few days' notice or on all the beaches of Europe at the same time.

The members of the Congress have undoubtedly had an opportunity to see at first hand in their own home districts some of our war factories and plants and shipyards throughout the United States which are now working at full blast turning out the greatest amount of war production in the history of the world.

In June and July we were worried by a reduction in the rate of increase in production. Great as our production had been we could not afford to level off. We had to continue the upward curve and not pause on any plateaus.

I am happy to report that the increase was resumed in August. In this month of September it is even better.

For example, during the two months of the recess of the Congress our factories produced approximately 15,000 planes. There was an especially important increase in the production of heavy bombers in August. I cannot reveal the exact figures on this. They would give the enemy needed information—but no comfort. However, the total airplane production is still not good enough. We seek not only to come up to the schedule but to surpass it.

During those same two months American shipyards put into commission 3,200,000 tons of large merchant ships—a total of 281 ships, almost five ships a day.

Even as the actual fighting engagements in which our troops take part increase in number, it is becoming more and more evident that this is essentially a great war of production. The best way to avoid heavy casualty lists is to provide our troops with the best equipment possible—and plenty of it.

We have come a great way since this Congress first met in January of this year. But I state only a blunt fact when I tell the Congress that we are still a long, long way from ultimate victory in any major theater of the war.

First: Despite our substantial victories in the Mediterranean, we face a hard and costly fight up through Italy—and a major job of organizing our positions before we can take advantage of them.

Second: From bases in the British Isles we must be sure that we have assembled the strength to strike not just in one direction but in many directions—by land and sea and in the air—with overwhelming forces and equipment.

Third: Although our Russian allies have made a magnificent counter-offensive, and are driving our common enemies back day by day, the Russian armies still have far to go before they get into Germany itself.

Fourth: The Japanese hold firmly established positions on an enormous front from the Kuriles through the mandated islands to the Solomons and through the Netherlands East Indies to Malaysia and Burma and China. To break through this defensive ring we must hit them and hit them hard, not merely at one point, but at many points, and we must keep on hitting them.

In all of history there has never been a task so tremendous as that which we now face. We can do it and we will do it—but we must plan and work and fight with every ounce of intelligence and energy we possess.

The Congress has reconvened at a time when we are in the midst of the Third War Loan drive seeking to raise a sum unparalleled in history — $15,000,000,000. This is a dramatic example of the scale on which this war still has to be fought, and presents some idea of how difficult and costly the responsible leaders of this Government believe the war will be.

Nothing we can do will be more costly in lives than to adopt the attitude that the war has been won—or nearly won. That would mean a let-down in the great tempo of production which we have reached, and would mean that our men who are now fighting all over the world will not have that overwhelming superiority of power which has dealt so much death and destruction to the enemy and at the same time has saved so many American lives.

That is why I have always maintained that there is no such separate entity as the "home front." Every day lost in turning out an airplane or a ship at home will have its direct effect upon the men now battling up the leg of Italy or in the jungles of the southwest Pacific or in the clouds over China.

There have been complaints from some sources about the way this production and other domestic activities have been carried on. Some of these complaints of course are justified. On the other hand, some of them come from selfish people who merely do not like to give up some of their pleasures, or a part of their butter or meat or milk.

Fair-minded citizens, however, will realize that although mistakes have been made, the job that has been done in converting peace-time America to a war-time basis has been a great job and a successful one, of which all our people have good reason to be proud.

It would be nothing short of a miracle if this unprecedented job of transforming a peace-loving, unprepared industrial America into a fighting and production machine had been accomplished without some mistakes being made and some people being given cause for complaint.

The Congress is well aware of the magnitude of the undertaking, and of the many gigantic problems involved. For the Congress has been actively involved in helping to work out the solutions to these unprecedented problems.

A few facts will show how vast an enterprise this war has been—and how we are constantly increasing the tempo of our production.

The total amount spent on the war from May, 1940, to date is $128.123,000,000. The bill is now running at the rate of $250,000,000 per day.

Up to Sept. 1, 1943, among the more important items produced and delivered since the armament program started in May, 1940, are the following:

Airplanes, 123,000.
Airplane engines, 349,000.
Tanks, 53,000.
Artillery weapons, 93,000.
Small arms (rifles, carbines, machine guns, etc.), 9,500,000.
Small arms ammunition, 25,942,000,000 rounds.
Trucks, 1,233,000.

In most instances more than half of the above total delivered to date was produced during the first eight months of 1943:

Airplanes, 52,000.
Tanks, 23,000.
Artillery weapons, 40,600.
Small arms (rifles, carbines, machine guns, etc.), 4,638,000.
Small arms ammunition, 13,339,000,000 rounds.

The number of fighting ships and auxiliaries of all kinds completed since May, 1940, is 2,380 and 13,000 landing vessels.

In the two and a half years between Jan. 1, 1941, and July 1, 1943, the power plants built for installation in Navy vessels had a horsepower equal to all the horsepower of all hydroelectric plants in the United States in January, 1941.

The completions of Navy ships during the last six months were equal to completions in the entire year of 1942.

We have cut down the time required to build submarines by almost 50%.

The anti-aircraft and double-purpose guns produced by the Navy since the defense program started in May, 1940, if fired altogether, would throw 4,600 tons of projectiles per minute against the enemy.

The output of under-water ordnance (torpedoes, mines and depth charges) during the first half of 1943 was equal to the total production of 1942.

During the month of August, 1943, we produced almost as many torpedoes as during all of World War I.

Anyone who has had to build a single factory, tool it up, get the necessary help, set up an assembly line, produce and ship the product will have some idea of what that amount of production has meant.

We have had to raise and equip armed forces approaching 10,000,000 men. Simultaneously, in spite of this drain on our manpower, we have had to find millions more men and millions of women to operate our war factories, arsenals, shipyards, essential civilian industries—and the farms and mines of America.

There have been problems of increasing greatly the output of our natural resources—not only for our own Army and Navy and for our civilians at home, but also for our allies and for our own forces all over the world.

Since the outbreak of war in Europe we have increased our output of petroleum by 66%. We have stepped up our bituminous coal production by 40%; chemicals by 300%; iron ore by 125%; hydro-electric power by 79%, and steel by 106%.

There were the problems of raising and distributing more food than ever before in our history—for our armed services, for our own people, and to help feed our allies.

There was the formidable problem of establishing a rationing system of the necessities of life which would be fair to all of our people.

There was the difficulty of keeping prices from skyrocketing and fighting off the serious specter of inflation.

There was the priblem of transporting millions of men and hundreds of millions of tons of weapons and supplies all over our own country and also to all corners of the world. This necessitated the largest railroad and shipping operations in all history.

There were the problems involved in our vast purchases in foreign countries; in our control of foreign funds, located in this country; in our custody of alien property; in our occupation of liberated areas. There were new problems of communications, of censorship, of war information.

There was the problem of maintaining proper management—labor relations; of fair treatment and just compensation to our millions of war workers; of avoiding strikes; of preventing the exploitation of workers or natural resources by those who would seek to become war profiteers and war millionaires.

There were the problems of civilian defense, of lend-lease, of sub-contracting war contracts to smaller businesses, of building up stock piles of strategic material whose normal sources have been seized by the enemy—such as rubber and tin.

There was the problem of providing housing for millions of new war workers all over the country.

And touching all of these, there was the great problem of raising the money to pay for all of them.

No sincere, sensible person doubts that in such an unprecedented, breathtaking enterprise errors of honest judgment were bound to creep in, and that occasional disputes among conscientious officials were bound to occur. And if anyone thinks that we, working under our democratic system, have made major mistakes in this war, he should take a look at some of the blunders made by our enemies in the so-called "efficient" dictatorships.

Even sincere, sensible people sometimes fail to compare the handfuls of errors or disputes on the one hand, with the billions of instances where the agencies of government in cooperation with each other have moved with the precision of a smoothly working machine.

Some people, when a doughnut in placed before them, claim they can see only the hole in it. Sometimes this is an example of sheer individual pessimism; but sometimes it is caused by motives not consonant with war-winning ideals.

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Reserve City Ass'n Group To Study Post-War Stabilization, Internat'l Finance

The Association of Reserve City Bankers has appointed a Post-War Banking Committee to study international currency stabilization, international finance, Federal fiscal policies and Federal taxation, it was announced in Chicago on Sept. 19 by Mark A. Brown, Vice-President of the Harris Trust & Savings Bank, Chicago, and President of the Reserve City group.

The Committee is headed by John C. Traphagen, President of the Bank of New York, while the Vice-Chairman is W. Randolph Burgess, Vice-Chairman of the National City Bank of New York and newly-elected Vice-President of the American Bankers Association.

Other members of the group are Edward E. Brown, President, First National Bank of Chicago; Keehn W. Berry, President, Whitney National Bank, New Orleans; S. Sloan Colt, President, Bankers Trust Co., New York; H. Donald Campbell, President, Chase National Bank, New York; Andrew Price, President, National Bank of Commerce, Seattle, Wash.; Charles E. Spencer Jr., President, First National Bank, Boston; Robert Strickland, President, Trust Company of Georgia, Atlanta, and George M. Wallace, President, Security First National Bank, Los Angeles.

Advices from Chicago Sept. 19 to the New York "Herald Tribune" reporting the appointment of the Committee stated that the intention of the Reserve City Bankers to enter the field of post-war currency stabilization undoubtedly stems from the finding of the report of the Economic Policy Commission of the American Bankers Association presented at the War Service meeting of the Association, which report found that the British and American plans are far from satisfactory. The "Herald Tribune" account added, "The provision in both for making loans would set up vast and highly inflationary credit facilities in a world which will be trying to counteract inflationary influences created by war, it was stated."

World Citizenship To Improve Relations Between Countries Recommended By Educators

Educators from the United States and 30 foreign countries attending the sessions of the International Education Assembly recommended on Sept. 16, a program for the development of world citizenship designed to improve relations between countries during the reconstruction period, it was indicated in a special dispatch to the New York "Times" by Benjamin Fine from Harpers Ferry, West Virginia on Sept. 16, which also gave the following account of the proceedings at the Assembly's session:

Presented by Prof. I. James Quillen of Stanford University, the proposal called upon educators of the world to teach children and adults the importance of international as well as national concepts. By so doing, the report held, it would be possible to show the citizens of foreign lands that only through cooperation in the field of education as well as in the political areas could peace be assured.

"In the past education has often been directed toward the development of a narrowly selfish nationalistic citizenship," the report to the assembly said. "In the post-war period the development of world citizenship will be one of the most vital tasks of education in all nations."

A 12-point program was recommended to educators in all the United Nations as a means of bringing about desirable world citizenship. Important among these points were the following:

Teaching the scientific truth that human differences are determined more by cultural than by biological factors.

Eliminating content and materials which foster intolerance, prejudice and war.

Providing for a wider use of the newspaper, periodical, pamphlet, radio, motion picture and library on all levels of instruction.

Selecting an international language and teaching it in all elementary schools in order to foster world inter-communication and understanding.

Providing for at least a tenfold increase in the international exchange of students and teachers.

Strict control of the German educational system for as much as fifty years after the war ends was recommended by many of the foreign delegates, especially those from countries which have suffered most at the hands of the Nazis.

Although the educators differed as to the degree of control which should be exercised, all agreed that the Nazi schools must be completely uprooted.

The strongest arguments for the destruction of the Nazi school system came from the two Polish representatives, Dr. Feliks Gross and Dr. Thaddeus Mitana. Dr. Gross, who escaped from Poland several years ago, and who is now secretary of the Central Eastern European Planning Board, warned the scholars that the task of re-educating millions of Nazi youths poisoned by Hitler's doctrines, was almost impossible.

However, he agreed, as did the other speakers, that some form of international education commission should cooperate with democratic elements in Germany who are now either in the underground movement or in concentration camps. Dr. Gross declared that some of the best teachers of Germany were in these camps, and he said that upon their release they should be put in responsible educational positions as teachers or administrators.

"Germany's school system should be supervised for at least 50 years after the war ends," Dr. Gross said. "Only through strict control of the Nazi educational system can we hope to achieve lasting peace."

All of the German textbooks now in use would have to be revised and the Nazi tenets removed, declared Dr. Reinhold Schairer, director of the United States Committee on Educational Reconstruction. Dr. Schairer disclosed that preliminary work in this direction has been done under the direction of Dr. Alonzo F. Myers of New York University, chairman of the commission for the International Education Office.

Emphasizing that Germany could not be permitted to continue to educate its youth along Nazi lines, Dr. Ase G. Skard, the Norwegian delegate, warned that it might be necessary to liquidate the German educational system.

A similar position was outlined by Prof. Paul Hana of Stanford. It is important, he said, that the United Nations take a vigorous stand in the re-education of German youth, and that they be denied the right to "educate for death" again. Only by so doing, he declared, would it be possible to keep the world at peace in the future. Prof. Antonin J. Obrdik, formerly a sociology professor in Czechoslovakia, and now attached to the Czechoslovak Embassy, urged the educators to take a "realistic" view of the German youth who have been trained under Nazi methods. Soft words will not be enough to erase the damage done, he warned in urging a strict measure of control.

Immediate establishment of an International Office of Education, which could be of service to the nations of the world even before the war ends, was proposed by James Marshall, member of the New York City Board of Education. Mr. Marshall, who has been a pioneer working in this field, said that the international office should be organized on an independent basis and should not be tied in with any other political association or federation which might develop after the war.

NY Farm Credit School To Be Held Oct. 14-15

Representatives of several hundred New York State commercial banks will study wartime credit needs of agriculture at the Third Farm Credit School at Syracuse on Oct. 14 and 15, according to E. Chester Gersten, President of the Public National Bank and Trust Co. of New York City, and President of the New York State Bankers Association, which is sponsoring the school. It is stated in the announcement of the Association that the idea of presenting a short course in farm operation and finance for bankers originated with the Association, in March, 1941, when the first school was held at Ithaca. This school and the second, which also was held in Ithaca, in December of the same year, were attended by representatives from more than 300 up-State banks. The 1943 school, despite transportation problems, is expected to attract as large a crowd as its forerunners and to include discussion of even more important farmer-banker problems, according to Walter Wightman, Cashier of the Bank of North Collins, North Collins, and Chairman of the Committee on Agriculture.

Lectures and panel discussions on farm financing and the effects of the war on the farmer will feature the school's seven sessions. Among the chief speakers will be Dr. William I. Myers, head of the Department of Agricultural Economics and Farm Management, Stanley J. Brownell, Professor, Department of Animal Husbandry, New York State College of Agriculture; A. G. Brown, Deputy Manager, Agricultural Credit Department, American Bankers Association; Otis A. Thompson, Chairman, Agricultural Commission, A. B. A., and President, National Bank & Trust Co., Norwich; E. H. Thomson, President, Federal Land Bank; George Stebbins, President, Federal Intermediate Credit Bank, Springfield, Mass.; Warren Hawley, President, New York State Farm Bureau Federation; Charles H. Schoch, Deputy Superintendent, New York State Banking Department, and Nicholas A. Jamba, Vice President and Manager of the agricultural department, First National Bank & Trust Co., Norwich.

There will be three panel discussions, one on farm credit statements, the second on relationships of commercial banks and government farm credit agencies, and a third on agricultural bank advertising. The sessions will also include lectures on the artificial insemination program, a visit to the breeding barns at Syracuse University, case studies of individual farm loans, banking department standards as applied to farm credit, and the use of chattel mortgages in farm loans.

Freedom From Financial Worry

(Continued from first page)

best future of all the States. One correspondent suggests that Texas, in seventy-five years, will have a majority of the U. S. House of Representatives. With her climate, soil, oil, seacoast and airfields, this may be true. Next to Texas, the repliers prefer Illinois, Indiana, Iowa, Missouri, Kentucky, Tennessee, Virginia and the State of Washington, in this respective order. This means that either the land assessments in these States are low or else their people are getting land hungry. Hence, these States may be headed for a land boom. I also had a host of postal cards from people in Washington, D. C., who are frantic to buy property. They write that Washington is now having a temporary real estate boom.

Massachusetts leads all the States for the number of replies from those desiring to sell real estate. They claim assessments in Massachusetts are too high; they would be thankful for a chance to get out at present assessed values. Other Eastern States feel the same as do the people of Massachusetts. Incidentally, more postal cards have come from people in Florida, who desire to sell, than from people who desire to buy. This may mean that the coming Florida boom may not be "just around the corner." Due to its socialistic experiments, there is also an excess of sellers in Wisconsin. A land boom has already started in California.

Basing Dollars on Tax Bills

My study demonstrates two things: (1) That there is great injustice and non-uniformity in present land assessments, and (2) That we should talk about "tax bills" instead of "assessments." In fact, I wish again to forecast that THE TIME MAY COME WHEN THE AMERICAN DOLLAR WILL BE BASED ON LAND EXCHANGEABLE, EITHER WAY, AT THE RATE OF FORTY TIMES THE TAX BILL. Such a dollar would mean something and encourage land owners. I repeat that the security of America is proportional to the percentage of people owning their own home and garden.

Although some of us conservatives may look upon Mr. Wallace as a dreamer, he, nevertheless, interprets the desires of a great many people. I am surprised at receiving so many postals upon which were written these words: "I would like neither to buy nor sell but to be able to retain the property I have earned and paid for by hard work." Yet the Roosevelt Administration has done much to help people along these lines. The Securities and Exchange Commission, the Federal Land Banks, the lowering of interest rates and various other legislation have been in their favor. Land owners, however, should now do their part by working their land, raising good families and going to church.

What Are Real Assets?

Just one more thought: Many postal cards have a P. S. saying that Henry George's ideas must some day be considered. Clippings of statements by England's Archbishop of Canterbury and other prominent men along these lines are also being sent to me. All of these things are signs that bonds, stock certificates and bank books are gradually losing their charm and that people are coming to think more of fertile land, good families and sane religion. Since last writing on this subject, I, therefore, have become quite an optimist; and I especially now thank all who sent me postal cards. The American people are okay if they will cut out propaganada and give them a chance to do some real thinking as to what are real assets.

Expansion Of Social Security System Would Help Meet Inflation Perils Declares Sen. Wagner

Senator Robert F. Wagner of New York in a speech over the Blue Network on Sept. 15, predicted that the Administration program for extension of the Social Security System to cover about 15,000,000 farm workers, domestic servants, farmers and professional and business men held the prospect of obtaining about $5,000,000,000 in public savings in the first year to help meet inflation perils, said a special dispatch to the New York "Times" from Washington on Sept. 15, which also had the following to say:

Speaking for early Congressional action on a bill offered in June by himself and Senator Jas. E. Murray, Democrat, of Montana, and Representative John J. Dingell, Democrat, of Michigan, Mr. Wagner said there was "a manifest need" for such legislation to uphold the private enterprise system in the face of the shocks it may expect when war demobilization begins.

The bill, he noted, also would provide a national system of public employment offices to help an estimated 30,000,000 war workers and returning service men to find jobs in peacetime occupations, and Government unemployment insurance up to 26 or possibly 52 weeks for persons for whom jobs are not immediately available when peace comes.

The battle against inflation is an extra reason for quick action on the bill, the Senator said, holding that the difficulty was evident of meeting otherwise the Administration's objective of obtaining an additional $12,000,000,000 in new taxes or new savings.

Roosevelt Message Criticized By Hoffman

Representatives Hoffman of Michigan and Gifford of Massachusetts, Republicans, sharply criticized President Roosevelt's war message to Congress, said George R. Brown in a special dispatch to the New York "Journal-American" from Washington on September 18, in which he also further stated:

"I note," said Mr. Hoffman, "that the President tells us of the size of the war. That is something that most of us thought about before we got into this war.

"When we were playing around with the so-called Lend-Lease proposition he, having in his possession all the facts at the time, must have known that this was nothing but a gift from the American people to whoever wanted to come in and get it or whoever wanted to wait and have it sent to them.

"When he was talking about that many of us knew that the fighting of a battle or any war throughout the world would be a sizable task.

"He comes along at this late day, after we are in it and cannot get out even if we wanted to, and tells us that it is a sizeable war which cannot be won in a few weeks or a few months.

"Some of us were told by our common sense and by our judgment that a world war would inevitably tax the resources and the riches of our nation. Many of us knew that men were going to die because that always happens in war.

"The President now seems to have discovered the fact that a world-wide war cannot be won either by fireside chats or by New Deal planning."

Roosevelt And Churchill Urge Italians To Strike At Germans Now In Italy

President Roosevelt and Prime Minister Churchill appealed on Sept. 11 to Premier Marshal Pietro Badoglio and the people of Italy, stating that "now is the time for every Italian to strike his blow" against the German soldiers in Italy.

The appeal urged the Italian people to help in the "great surge of liberation" and to win back for Italy "an honorable place in the civilization of Europe."

The text of the joint message of President Roosevelt and Mr. Churchill follows:

"It has fallen to you in the hour of your country's agony to take the first decisive step to win peace and freedom for the Italian people and to win back for Italy an honorable place in the civilization of Europe.

"You have already freed your country from Fascist servitude. There remains the even more important task of cleansing the Italian soil of the German invaders. Hitler, through his accomplice, Mussolini, has brought Italy to the verge of ruin. He has driven the Italians into disastrous campaigns in Egypt and the snows of Russia. The Germans have always deserted the Italian troops on the battlefield, sacrificing them contemptuously in order to cover their own retreat. Now Hitler threatens to subject you all to the cruelties he is perpetrating in so many lands.

"Now is the time for every Italian to strike his blow. The liberating armies of the Western World are coming to your rescue. We have very strong forces and are entering at many points. The German terror in Italy will not last long. They will be extirpated from your land and you, by helping in this great surge of liberation, will place yourselves once more among the true and long-proved friends of your country from whom you have been so wrongfully estranged.

"Take every chance you can. Strike hard and strike home. Have faith in your future. All will come well. March forward with your American and British friends in the great world movement toward freedom, justice and peace."

Judge Rules Against Secret OPA Hearings

Judge John P. Barnes of the U. S. District Court in Chicago ruled on Sept. 16 that Congress did not give the Office of Price Administration and other Washington bureau heads or appointees the powers of grand juries and that they are compelled by law to hold "open public hearings" instead of the "star chamber" proceedings for which OPA has been criticized.

The following concerning the case was reported in Chicago advices Sept. 16 to the New York "Times":

He (Judge Barnes) returned the decision in the case of 15 wholesale meat dealers brought into the U. S. District Court by Robert D. Johnstone, regional OPA counsel. Mr. Johnstone sought to compel the defendants to appear with their business records before an OPA hearing commissioner without lawyers or court reporter on a subpoena duces tecum, which did not give any information on the purpose, it was declared.

The suit set forth that the wholesalers had been subpoenaed to appear Aug. 24 and 25 before Harry Adelman, OPA attorney, for interrogation concerning their dealings with the Empire Packing Co. of Chicago. The suit alleged that as each dealer was called before Mr. Adelman, the OPA lawyer sought to exclude his counsel and court reporters from the questionings and that the hearings were abruptly terminated when lawyers protested their clients had a right to be represented.

"I am not going to compel the respondents to attend what might be called a star-chamber session," said Judge Barnes. "I am going to order that the public be present, and that these hearings be held in a public place, and that neither the respondents' attorneys nor a court stenographer be entitled to interrupt the proceedings.

"The grand jury powers are defined by law and are exceedingly great. The statute under which the Administrator is proceeding does provide that he make studies and investigations, but nothing in it confers the powers of a grand jury. If Congress desired the Administration to have the powers of a grand jury it could easily have said so.

"We Americans, accustomed as we are to a system of law handed down from England, are distrustful of any secret meanings and proceedings. We are accustomed to have our court proceedings, except grand jury proceedings, in the open and are suspicious of proceedings conducted otherwise."

Unified Bank System Urged By Eccles

Expressing opposition to the dual banking system, Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, advocated on Sept. 17 a unified banking system "with well-regulated branch banking limited to trade areas."

Mr. Eccles' views, voiced at the conference of the National Association of Supervisors of State Banks at Cincinnati, were in direct opposition to the statements of several other national fiscal leaders, who strongly supported the dual system of State-chartered and national - chartered banks.

The following regarding Mr. Eccles' talk was reported in the Cincinnati "Enquirer" of Sept. 18:

Mr. Eccles said the American banking system has had a "piecemeal growth." He said the system "has not been developed in accordance with any comprehensive plan based on the country's banking needs taken as a whole" but rather "it reflects the cumulative efforts of public authorities to meet recurrent emergencies and to deal with specific problems and competitive conditions."

Mr. Eccles expressed the opinion that "the dual banking system as now constituted, is outmoded and that economic forces—not mere debate—will compel its adaptation to the financial needs of modern economic life."

He stressed the importance of close coordination between Government and the financial system and said: "It is difficult to see how the basic functional powers of the Federal Government can effectively be employed to effect economic stability so long as the nation's banking machinery is a hodge-podge of some 52 different jurisdictions, laws, and supervisory agencies."

He attributed the high mortality rate among banks to the system under which they function and recommended a unified system with branch banking to accommodate the more thinly populated areas.

However, Mr. Eccles concluded, "I do not care what system, whether dual or unified, prevails, or how many banking authorities there are, if the system, whatever it may be, best serves the public interest and preserves private banking in this nation."

Big Banking Chains Opposed By Delano

Opposition to the creation of big banking chains as "threatening the self-sufficiency" of small communities was expressed on Sept. 17 by Preston Delano, Comptroller of the Currency.

In a speech at the annual meeting and war conference of the National Association of Supervisors of State Banks at Cincinnati, Mr. Delano said that earnings of banks with less than $500,000 resources were declining, while those of larger banks were holding steady or rising. He described the small banks as "guardian outposts of our financial system," according to the Associated Press, which further indicated his remarks as follows:

"There has developed a disturbing disposition on the part of many small institutions willingly to forego their independence and become members of groups and chains which represent concentrated control of credit. It is understandable that this should happen but it is also extremely regrettable from the standpoint of the national good and our hope for a vigorous American individualism.

"The Office of the Comptroller of Currency is anxious that whenever possible the independent bank shall continue to do its important job in our economy. We are opposed to the building up of great banking systems and chains which, by their very size and power, threaten the financial self-sufficiency of our small communities, and thus the independence of their industries, their agriculture and their individuals."

August War Expenditures

War expenditures by the United States Government amounted to $7,529,000,000 in the month of August, an increase of $783,000,000 over July, or 12%. Compared to expenditures in the peak month of June, August expenditures showed a 2% decrease, according to release made public on Sept. 16 by the War Production Board, which added:

The average daily rate of expenditures for war purposes in August was $289,600,000 compared to $249,900,000 in July, and $295,700,000 in June, or a 16% increase over July, and a 2% decrease from June. The daily rate is based on the 26 days in June and August, and the 27 days in July on which checks were cleared by the Treasury.

From July 1, 1940, through August 31, 1943, war expenditures by the United States Government amounted to $124,000,000,000.

These figures include checks cleared by the Treasury and payable from war appropriations and net outlays of the Reconstruction Finance Corporation and its subsidiaries for war purposes.

Forced Savings May Be In New Tax Program

Five billion dollars of compulsory savings may be called for in the Administration's new $12,000,000,000 tax program, said a United Press dispatch from Washington on Sept. 20, which went on to say:

The program is almost complete and will soon be reviewed by President Roosevelt, War Mobilization Director James F. Byrnes and Economic Stabilization Director Fred Vinson, and if they agree on the terms, it will be submitted to Congress.

Henry Morgenthau, Jr., Secretary of the Treasury, is opposed to compulsory savings on the premise that the voluntary war bond sale program would suffer, but the Administration is reported ready to give the plan a chance. President Roosevelt is also said to favor a $6,000,000,000 cradle-to-grave social security program which may be lumped with proposals for the new revenue bill.

Compulsory savings, with post-war rebate provisions, plus the projected social security levies, would raise $11,000,000,000 of the Government's goal, leaving $1,000,000,000 to be raised by other means.

Senator Walter F. George, Democrat, of Georgia, said today that the Senate Finance Committee, which he heads, is reexamining the social security program and that there "might be very good reasons" why the rate of contributions should be doubled Jan. 1.

Proposes Coupling World Currency Plan With Credit Machinery For Post-War Rehabilitation

International currency stabilization should be coupled to credit machinery that will help hard-hit nations finance wealth-producing imports, Representative Charles S. Dewey, Rep. Ill.), declared on Sept. 3 in an address before the Executives' Club of Chicago. The prerequisite of a stable currency, Mr. Dewey asserted, is a sound internal economy for importing countries.

Mr. Dewey, Assistant Secretary of the Treasury in the Coolidge Administration and one-time financial adviser to the Polish government, described the plan which he proposed to the House Foreign Affairs Committee for financing the rehabilitation of the United Nations on a long term credit basis through an International Bank, or "nothing more than an international Reconstruction Finance Corporation."

The following regarding his talk is from the Chicago "Journal of Commerce" of Sept. 4:

The institution would have an international capitalization of about $5,000,000,000, to be paid in by the participating nations in gold or commodities, the latter to be accepted by the international bank at their present Lend-Lease value.

"As the chief source of this credit will probably be the United States, it is not a proposition that we should accept without full realization of the obligations we are undertaking," Mr. Dewey said.

The use of gold as the chief means of settling international balances of trade is the most desirable method, Mr. Dewey declared. However, stockpiles of critical materials under the control of an international bank, he said would have a stabilizing effect upon the prices and availability of such commodities, and would prevent international cartels from holding down their production for national reasons or to increase their value.

"It is my belief," Mr. Dewey said, "that the united effort to stabilize currency and to place devastated countries in a financial position whereby they may develop their own wealth on a sound basis, should go hand in hand, the one supporting the other, rather than relying solely on an international currency stabilization fund, experiences with which type of operation immediately following the last war were not too successful.

"This is one practical angle of our foreign participation that we can consider today and which, in turn, should prove beneficial to us here in America, in supporting any policy of plenty through which we will provide jobs and constant employment here at home."

Aspects of the Treasury proposed International Stabilization plan were criticized by Mr. Dewey. He declared that, in practice, when all international trade is balanced out, there is great likelihood that the total demand for dollars will be such that the dollar account in the fund will become exhausted.

The Treasury plan conceives that over a period the debit and credit balances of the various nations will come into balance through the development of international trade. To remedy such a condition as Mr. Dewey envisions, the Treasury plan provides that the directors of the fund make recommendations designed to increase the fund's holding of the currency being exhausted, and the "member countries agree that they will give immediate and careful attention to recommendations made by the fund."

This remedy, Mr. Dewey asserted, would be "a direct invasion of the rights of the Congress which under the Constitution has the sole authority to decide all monetary and tariff matters, and I doubt very much whether the American citizens would agree to entering into any contract that would permit an international group to dictate our monetary or tariff policies.

"Of course it is provided that any country may withdraw from the fund. Such an action on our part would have most disastrous economic effects on the other members. It will be far wiser for us to give the whole matter consideration and figure out in advance just how much it might cost us before accepting the proposition."

District Court Of Appeals Rules War Agencies Beyond State Courts' Jurisdiction

The Ninth District Court of Appeals held on Sept. 3 that State courts have no jurisdiction over Federal Agencies created by wartime conditions. In reporting the decision, Associated Press Akron (Ohio) advices said:

"The decision was given by the three-judge court in reviewing an appeal by the City of Akron from dismissal in Common Pleas Court of an injunction suit seeking to restrain the Akron Transportation Co. from carrying out Office of Defense Transportation orders to reduce service on ten city bus routes.

"The ruling upheld an earlier decision by Common Pleas Judge Ray B. Watters. Presiding Judge Perry H. Stevens said the Appellate Court unanimously agreed that State courts have no jurisdiction 'in attacking the validity of decrees issued by the Office of Defense Transportation.'

"The ODT recently ordered the Mass Transportation System to shorten nine city bus routes and eliminate a tenth. Mayor George B. Harter instigated the injunction suit, declaring inadequate service would result from the order."

Competitive Bidding In Rail Securities

Majority Of Briefs Filed With ICC Oppose Such Procedure

The Interstate Commerce Commission has instituted an investigation to determine whether competitive bidding shall be required in the sale of railroad securities and, if so, to what class or classes of securities it should be applicable and under what conditions. Railroad officials, bankers and brokers have expressed their views in briefs filed with the Commission on or prior to Sept. 15.

The present investigation by the Commission represents the first complete presentation of views on this subject since 1926, when the ICC requested competitive sale of rail equipment issues, but until now has adhered to the policy of allowing railroads to sell their securities through private negotiations or at competitive biddings as they saw fit. The present issue was raised by Halsey, Stuart & Co., Inc., and Otis & Co., who contended that some railroad bond issues have been sold to "favored" New York bankers regardless of the bids of other investment houses. The ICC on Sept. 20 agreed to hold a public hearing on the question. Interested parties were directed to file their printed briefs within 20 days. The date for the hearing will be fixed later.

In the briefs now submitted, the opponents of a compulsory rule argued that competitive bidding would force concentration of rail security distribution into the hands of a relatively few underwriters; remove the advantages of responsible sponsorship, and would prevent railroads from securing advantages of direct sales to institutions or to stockholders. Those in favor of mandatory competitive bidding maintain generally that it will result in lowering the cost of raising rail capital, benefiting investors, the railroads and rail labor, will widen the market for securities, also will break the "monopoly in private negotiation," which it was alleged, has resulted in such unwise rail financing to the detriment of the carriers and investors.

Among those filing briefs opposed to the competitive biddings were: the Association of American Railroads, representing substantially all of the class one carriers; the Investment Bankers Association; the National Association of Security Dealers, Inc.; the Metropolitan Life Insurance Co.; the Erie RR.; New York Central RR.; Louisville & Nashville RR.; Maine Central RR.; Boston & Maine RR.; The First Boston Corp.; Kuhn, Loeb & Co.; the Great Northern Ry., and Morgan Stanley & Co.

Briefs in favor of the competitive rule were filed by Halsey, Stuart & Co., Inc., and Otis & Co., and the Chesapeake & Ohio Ry. and New York, Chicago & St. Louis RR. Previously the Commission had received a brief from the Association of Railway Labor Executives favoring competitive bidding.

Opposing Adoption of Rule

Jackson E. Reynolds in a letter to the Commission, dated Sept. 13, opposing the competitive rule, stated:

Most railroad systems have been built up, expanded, and integrated since the turn of the century. This was necessary to meet the expanding public demand for railroad services in that period. The need was met by a variety of methods. At one time the method might be the acquisition of a complementary line by lease or purchase of its stock, subject, of course, to existing encumbrances. Other expedients were running rights, operating agreements, paired track arrangements and joint construction. Common use of terminal yards and stations for freight and passenger service was generally involved.

The financial structure of the integrated system became unbelievably complicated by the assumption of these obligations superimposed upon already existing complications of its own. These might be "First," general, consolidated, refunding, convertible, collateral, divisional mortgages or debentures. Many of these were overlapping, affected by a variety of restrictive covenants in indentures, special limitations in charters and local or state laws.

Now that the expansion period is ended the next challenging task is to clear away the bewildering labyrinth by well designed refunding operations and thus to simplify, consolidate, and stabilize the financial structure. This demands not only ingenuity and the highest degree of legal and financial ability but also continuous and protracted study of the intricate historical background.

It is my considered judgment that if a railroad is to meet successfully this challenging task it is imperative that it shall have the services of **advisers of its own choosing, enjoying its full trust and confidence,** familiar with its history, and with a strong sense of obligation to assist in meeting its financial requirements. Such an agency must be able to exercise three functions.

Function One. To appraise intelligently the client's financial capacity; to design a refunding obligation of merchantable form consonant with that capacity; and at the same time provide terms which will attract investors on the offering date.

Function Two. To afford the client dependable assurance **in advance** of approaching maturities that a purchaser will be found ready to take and pay for, on a day certain, a refunding issue designed as in Function One.

Function Three. To provide for the offering a sponsorship enjoying the confidence of the general investor so that a country-wide distribution shall be insured.

Functions One and Two are manifestly indispensable. Any sponsorship as contemplated in Function Three will become of little or no value so soon as investors apprehend that Function One has been inadequately performed or totally ignored by the sponsor.

It would seem to be incontrovertible that the method of securing the performance of Function One with the greatest satisfaction and least expense to the railroad would be that of one agency. **To adopt a procedure** likely, if not certain, to require the railroad to permit intimate investigation of its financial affairs by as many as might announce themselves as prospective bidders would amount to "a cruel and unusual punishment." It would multiply the expense and create a confusion of counsel. This function ought to be performed only by one enjoying the trust and confidence of the railroad resulting from satisfactory services rendered over the years.

The railroad can rely upon the performance of Function Two by such a banking house of its own selection under strong obligations arising from such long association. It could never depend upon performance of this Function Two if competitive bidding were the unchangeable requirement. The failure to secure any bids would always occur when it would be catastrophic.

Even Function Three would come to be performed inadequately as Function One and Function Two came to be met superficially.

In the light of the foregoing considerations it is my settled conviction that it would be a grievous mistake to require railroads to market their bonds through the medium of competitive bidding. Such a change from the existing method would be a change for the worse, not the better.

My conviction is not weakened by any belief that the proposed method would produce higher prices to the railroads, in the long run, for I entertain no such belief. Inferences to the contrary from certain episodes during the present agitation for change are without warrant. Such episodes have occurred **after** Function One and Function Two, above described, have been performed at great expense in time and money, and only Function Three remains to be performed.

At this stage certain bidders, ready to reap the advantage of this expense incurred by others, raise a hue and cry to be permitted to submit bids on the perfected issue. Of course they can make a high bid under such circumstances. They are moved also by an additional incentive to further increase their bids. This incentive is to break up the relationship between the railroad and its chosen banker, established through the years of association, and garner the benefits of that rupture. Manifestly such conditions will no longer prevail once competitive bidding has become the established procedure.

Thereafter one of two things will happen. One possibility is that Function One will be performed by no banker, which would be bound to result in a lower price for the issue. The other and more likely possibility is that this Function will be attempted by each of several bidders, although it is difficult to see how they could do anything effective in "designing" the security. This would result in multiplying the cost in proportion to the number of bidders. At once these multiplied costs to cover a course of successful and unsuccessful bids will be reflected in a general lowering of bids in the future to offset such added overhead of the bidders.

My conviction is not weakened by the irrelevance that under quite dissimilar circumstances municipal bonds and equipment notes are sold by competitive bidding. In both cases the type of paper offered is of a very simple character; in the first case supported by the power of taxation and in the second by the pledge, with adequate margin, of a uniform, tangible kind of property readily saleable.

The existing procedure insures as no other can the ability of the railroad to meet its maturing obligations by the sale of a refunding issue on fair terms predicated upon the then current market for the character of bond offered.

In the first instance the railroad considers the terms available and exercises its honest judgment as to their fairness. This judgment is then subject to the authority of this Commission to approve or disapprove.

I respectfully urge that this present procedure be continued and that the proposed procedure for competitive bidding be not adopted.

Investment Bankers' Brief

The Investment Bankers Association in its brief stated it would be a mistake to adopt a compulsory competitive bidding rule for the following reasons:

(1) There is no feasible substitute for the work of the investment banker in the setting up of an issue, the contacting of investors through their day-to-day touch with the market, and the development of substantive provisions of capital structures, indentures and the terms of the securities.

(2) Compulsory competive bidding would force the concentration of distribution into the hands of relatively few underwriters and dealers. This would be greatly to the detriment of the small investor, who must largely rely on broad facilities of distribution to provide him with equal opportunities to participate in purchases of attractive new issues of securities.

(3) The requirement of compulsory competitive bidding would not relieve the Commission of its duties under Section 20a. To meet its statutory responsibilities the Commission would still find it necessary to examine the reasonableness of the price and spread after the bids had been received and to require the rejection of bids if the prices were not in the public interest.

(4) Compulsory competitive bidding for securities on the auction block is not the best available means for judging the reasonableness of prices and spreads, as is proved by the wide variations between bids. In a falling market, if a carrier received no bid or an unsatisfactory bid, it might then be difficult to sell the issue on a negotiated basis.

(5) The underwriting of corporate securities by investment bankers is, in fact, competitive; and the competition of the market by which every issue must be judged and the review power of the Commission assure fair prices to the carrier and to investors.

(6) Upon the assumption that compulsory competitive bidding would result in increased prices to carriers and that the increased prices to carriers in periods of rising markets would be of sufficient importance to warrant making a drastic change in the method which has been evolved for the distribution of railroad securities, then the decreased yields to investors would be correspondingly great. If it is argued that this is not necessarily so but that the difference would come from the underwriter's spread, then the underwriter making the least investigation, and contemplating the cheapest distribution methods, could afford to pay the highest price and would of necessity have to sell the security at as little cost as possible. The investor and the issuer would then suffer in several ways:

(a) Skimpier and cheaper investigations by underwriters would increase the investor's danger of losing money;

(b) The purchase of securities at the highest possible price through compulsory competitive bidding would tend to bring about high-speed selling;

(c) Issuers would be compelled to sell securities, without regard to the manner in which the securities were to be distributed by the purchasing underwriters;

(d) The disappearance of the small dealer from the distributing mechanism and the sale of railroad securities in large blocks to large institutions might seriously impair the carriers' ability to refund their outstanding issues and to obtain needed capital.

(7) Compulsory competitive bidding is disadvantageous to the investor and its alleged advantages, if realized, would be achieved at too great a cost to the carriers and to the country as a whole.

(8) Compulsory competitive bidding would eliminate competition in the quality of the services which investment bankers can render, as well as competition between the two methods of selling securities by negotiated sales or competitive bidding.

(9) It tends to remove flexibility from the capital market and to introduce a rigid mechanism not easily alterable in time of stress.

Other Briefs

Among other briefs filed opposing the plan of competitive bidding, was that of Morgan Stanley & Co., which asserted that sale of securities was part of the whole financing policy of a corporation, not a mere formula whereby one banking group pitted its guess against that of another group.

"The investment banker, if he be worth his salt," said the brief, "must do much more than buy and sell at a profit; he must know the business of his client and the details of that client's financial position and problems; he must consider what security will be soundest and best fitted to the client's needs over a period of time and not merely what will bring the highest price; he must have in mind the most desirable distribution of securities and not only the cheapest method; he has a real responsibility to the investing public for the securities that are sold under his sponsorship, and, as a third party to the transaction, he must act for the benefit of both issuer and investor."

Opposing the adoption of a rule by the Commission, requiring competitive bidding, the Association of American Railroads argued:

(1) Competitive bidding will not in all instances result in a railroad receiving higher prices for its securities and will not improve the marketing of such securities.

(2) It would prevent railroads from securing advantages of direct sales to the investing public, or to stockholders, or to large institutions and would render impracticable sales when immediate action is required.

(3) It is not necessary to require competitive bidding for the production of the issuing company or the investor, since the ICC polices the price at which securities are sold, as well as the spread between the price paid to the carrier and the price at which the purchaser sells.

In opposing extension of competitive bidding, the National Association of Securities Dealers, Inc., said that there is no additional class or classes of railroad securities to which compulsory competitive bidding could be applied without grave detriment to the railroads or the public. If such bidding were extended to additional classes of railroad securities, no regulations could be prescribed which would be effective to minimize and much less to avoid the disastrous consequences to the railroads and the public inherent in the proposal now under examination by the Commission, the Association's brief said.

Urging Adoption of Rule

Claiming that private negotiation of railroad issues operates to perpetuate monopolistic control in the field of railroad financing, to the detriment of the carriers and of the public, Halsey, Stuart & Co., Inc., and Otis & Co. filed a brief urging the extension to practically all railroad issues of the requirement of compulsory competitive bidding. They also request, in the brief, that a public hearing be held immediately so that such issues as there may be can be squarely presented and the entire subject thoroughly aired.

The banking firms argue that competitive bidding is now a standard, even the predominant, method of sale of corporate securities to the general public, and that its advantages as demonstrated in practice include the widening of the market, a lower cost of raising capital, and essential protection of the public interest.

"There is only one issue before the Commission," the brief declares in hitting out at the system of private negotiation. "Will it raise railroad financing to the standard of other public enterprise by adopting competitive bidding, or will it continue the monopoly of two underwriters?"

In support of its contention that competitive bidding is an established and successful practice for marketing corporate securities, the brief points out that of the total corporate debt issues publicly offered during 1942 and the first six months of 1943, about two-thirds of the total number and over one-half the total dollar volume was sold by competitive bidding. Of 40 corporate debt issues aggregating $489,390,000 sold in 1942, 22 aggregating $246,940,000 were sold by competitive bidding, while in the first half of this year 12 out of 26 corporate debt issues publicly offered were sold by competitive bidding, representing a dollar volume of $150,160,000 out of a total of $275,993,000.

"A candid examination of the results of competitive vs. 'negotiated' sales," the bankers declare, "must lead to the conclusion that the former are superior from every standpoint, both public and private."

Noting that competitive bidding has been widely adopted for corporate securities requiring approval of public authorities, the brief stresses the fact that the ICC is now the only Federal agency which permits companies under its supervision to raise capital without competitive bids. It recalls the reasons and circumstances leading to the adoption by the SEC of compulsory competitive bidding under Rule U-50 for the sale of securities issued by the vast number of corporations subject to its jurisdiction under the Public Utility Holding Company Act of 1935. The brief states that while the rule has been in effect over two years, and up to Aug. 31, last, 34 security issues aggregating $681,355,361 had been sold under it, Halsey, Stuart & Co., Inc., and Otis & Co. are advised that there has been no request addressed to the Commission to change the rule in any respect.

"No utility company under the SEC has complained that it has been injured by competitive bidding," the brief continues. "No underwriter has claimed that the competitive bidding rule has prevented him from rendering proper banking advice to any utility."

The brief cites the ICC as authority on the effectiveness of competitive bidding for railroad equipment trust obligations in widening the market for these securities and lowering the cost of money to the railroads. A study of competitive bidding for public utility securities under the Holding Company Act, it says, demonstrates that there, too, it has resulted in a lower cost of raising capital.

One result of competitive bidding that has contributed to lower costs has been a reduction in underwriting costs to the issuers or the so-called "spread," according to the brief. It cites figures to show that for equipment trust certificates, the average spread dropped from $1.80 per $100 in 1925, before competitive bidding was required, to $0.66 and $0.64 in 1927 and 1928, while following adoption of the SEC rule underwriting spreads on utility bonds dropped to around one point and even as low as .336, in contrast to an average of 2.49 points for underwriting utility bonds and a spread of two points for high-grade utility bonds.

Charging that failure by railroads to adopt competitive bidding voluntarily is mainly due to the monopolistic position of two banking houses, the brief contends that this is not compatible with the public interest and that competitive bidding is required to cope with it. After outlining the methods by which it alleges these two houses —Morgan and Kuhn, Loeb—have established and maintain this control, the brief stresses "The obvious conflict of interest between the banker and the issuer on the one hand, and between the banker and the investor on the other hand" as representing "peculiarly a situation where the full play of economic forces should operate in order to achieve a just result."

"The conflict of interest between banker and railroad issuer extends beyond the question of price to the character of the security to be issued, the time of issuance and other such matters," the brief continues. "In all these respects the monopolistic banker exercises an undue influence over the carriers."

"The elimination of traditional banker control and influence over the financial policies of railroads will prevent the recurrence of the financial abuses which have characterized their relationships in the past. This is not only in the public interest but is consistent with the objectives of public regulation of the railroads expressed in the Interstate Commerce Act. In addition, competitive bidding will help instill public confidence in financial transactions of railroads."

As to the argument of opponents of competitive bidding that such a practice will deprive the issuer of continuing relations with an investment banker, which are required in times of stress, the brief points out that such contentions were completely discredited during the subsequent depression when "Railroad upon railroad was forced to turn to the RFC for rescue, as the traditional bankers expressed their inability to be of assistance, and the market prices for railroad securities found no support in the fact that these bankers had originally sponsored them."

The bankers declare that experience has demonstrated that the obligation of a regulatory commission to protect the public interest with respect to security issues cannot be discharged without the aid afforded by competitive bidding. If "fair and adequate price" means the greatest economy by the railroad in raising capital, they contend, no method exists to determine or enforce it other than competitive bidding. Another aspect regarding the determination of a fair and reasonable price cited by the bankers as disturbing is the very real conflict of interests which results from the heavy representation on the directorates of American railroads of persons who not only pass judgment on whether the proposed price to the railroad for its securities is fair and reasonable, but at the same time are also directors and officers of financial institutions which are the biggest buyers of the debt securities of railroads.

The brief maintains that the traditional arguments against competitive bidding have been shown in practice to be without substance, asserting that competitive bidding affords the investor the best opportunity to judge the fairness of the offering price of new securities.

In its brief in favor of competitive bidding the Chesapeake & Ohio Ry. asserted that it is "vitally interested" in the adoption by the Commission of a rule which will:

"(1) Require each railroad to follow sound fiscal policies by realizing for itself the monetary advantages inherent in the offering of securities at competitive bidding;

"(2) Go far in dispelling accusations and the stigma of financial domination and, by removing the justification for such charges, avoid drastic legislative correctives which might prove disastrous to the entire industry; and

"(3) Serve the interest of the public and the industry in general by assisting in procuring the lowest possible railroad transportation costs."

Private Enterprise Urged To Provide Post-War Jobs For Veterans In New York State

(Continued from first page)

serve to avert possible tax increases and to finance deferred State construction projects.

"3. The development, under the stimulus of the Post-War Public Works Planning Commission, of plans for deferred and necessary construction projects—both State and local—to afford an important additional source of useful employment immediately after the war.

"4. Cooperation of the State's agricultural agencies with the farmers of the State to increase production to meet the food crisis during the war and after.

"5. Improvements in housing conditions, highway facilities and other requirements of modern living through programs of the State's Housing, Public Works, Public Service and Health agencies.

"6. Availability of a State unemployment insurance reserve of a half billion dollars to tide our people over a period of unemployment if it occurs. Men returning from the armed services are protected by unemployment insurance benefits which have been preserved for them in their absence.

"7. A program of vocational training, including special technical education for returning members of the armed forces.

"These are some of the measures the State and its people are taking to meet post-war problems. The first step, as outlined in these pages, deals with the State's program in promoting industrial production and employment.

"When peace comes, new industries will be born. Labor will go forward to new high standards. The farmer will be able to enjoy benefits long beyond his reach. There is no limit to our opportunity for independence and security as individuals and for prosperity as a nation.

"Your State Government stands ready to cooperate in every legitimate field of public effort. At the same time it is mindful of the fact that governmental action can never take the place of the private endeavor of the people—employers and employees alike. Only the productivity of our system of free enterprise can provide that better life to which we all aspire. Business must take the lead."

The booklet outlines the new horizons expected to open to business after the war, including electronics, light metals, plywood, plastics, radio communication, the expanding mineral development in New York State and air transportation. It points to the advances during the war in inventions and industrial management, the millions of war veterans and civilian men and women trained to new skills, the pent-up demand for goods unobtainable during the war, and the record-breaking reservoir of purchasing power in the hands of the people.

"All together," it says, "these factors can and will write a new chapter in the American standard of living."

Copies of the booklet are being sent to businessmen, particularly manufacturers, and to labor groups, chambers of commerce and trade associations throughout the State, with the invitation to enlist the aid of the field representatives of the Division of Commerce in formulating plans that will not be "too little and too late." Assistance to small business is emphasized in the program of the Division of Commerce which includes the following:

Cooperating with the Committee for Economic Development, labor groups, chambers of commerce and others interested in reemployment and post-war development.

Technical advice to individual manufacturers seeking to expand for the future.

Spotting areas of threatened unemployment.

Surveys of war-boom communities to anticipate the impact of the war's end.

Appraising opportunities for employment in non-manufacturing industries.

Promoting the State's natural resources for industrial production.

Helping specific industries convert to peacetime production.

Obtaining estimates from firms as to how many persons they will employ after the war.

Keeping an up-to-date inventory of available plant facilities.

Providing the services of industrial engineers and business consultants to aid in the development of new products, new processes, new markets and in traffic problems.

Surveys of aviation as an aid to the development of business.

Working with industry to obtain materials as they become available for civilian use.

Assistance through the Washington office of the Division of Commerce in dealing with Federal agencies.

Conducting a systematic campaign to encourage business in the State to expand and business outside the State to branch out in New York.

From Washington

(Continued from first page)

have a resolution pending which would put the Senate on record as assuring our participation, or something like that, in world affairs in the future. Only one of them, Lister Hill of Alabama, has any influence in the Senate. A second one, Hatch of New Mexico, put over the Hatch bill regulating campaign expenses and participation of Government employees in politics, which hasn't either regulated the expenses or the participantion. The two Republicans, Burton and Ball, have neither experience or influence. But the resolution was the latter's idea on orders from Governor Stassen, as a part of the Willkie campaign. Their colleagues and the White House have looked upon their enterprise as amateurish, and with some annoyance. Burton, Ball, and to a lesser extent, Hatch, did most of the barnstorming. Hill, and Hatch for that matter, went in on the thing with the knowledge that it was right up the New Deal's propaganda alley and couldn't do any political harm, but Hill hasn't done much work. The other three barnstormers, particularly Burton and Ball, didn't have a very happy time. For one thing, they found a lot of their auditors had made Cook's tours of Europe, which they had not, and asked them embarrassing questions about points of interest, to say nothing of those who expressed open skepticism of their hifalutin' ideas.

But the bottom seems to have recently dropped out of the whole racket, and a political racket, with various politicians, New Dealers and Republicans, jockeying for advantage, was all it was. Just why, we don't know, except the logic was not there to support the racket. It seemed a little ridiculous for these controversialists to be telling a generation of Americans who had twice participated in a world war, that we should become "aware" of world affairs, that we should express a "concern" in world affairs.

The returning Congressmen report that they found relatively little interest in these high academics. Their constitutents wanted to win the war, win it quickly, were assuming, in spite of the propaganda from Washington, that we were going to win it quickly; then they wanted the boys home; in the meantime, how about gas, about food, about drafting pre-Pearl Harbor fathers, other little problems like that.

It can be also that the Republicans at Mackinaw Island, in spite of their detractors, did something to take the heart out of the racket. Yes, indeed, these Republicans were for practically anything to enforce peace in the future, but we must hold onto our "sovereignty." That word has sort of embarrassed the world-minders, in spite of their attempted comeback. For the first time in this internationalist propaganda the Republicans, with that word, have come off the defensive. Bricker, in a speech at Philadelphia a few days ago, quickly captured the new spirit. There was no defensiveness in his speech. It should immeasurably help his campaign, which was certainly not going well. He went way back to show this country's participation in world affairs and insisted that whatever its participation in the future, it should be in the Constitutional way.

But your correspondent is of the opinion that that word "sovereignty" has given even the Administration pause. And what has probably had more to do than anything else with the bottom dropping out of the internationalist-controversy racket, is the word that has seeped out, that all Roosevelt himself has in mind by way of joint cooperation of nations, is the permanent cooperation of the chiefs of staffs of this country, Britain—and, oh yes, Russia and China; or shall we say, cooperation of the chiefs of staffs of the good-doing nations against the evil-doing ones. Shucks, that's easy. It's effective, too, but a simple thing like that makes our world-minders look like fools.

Orders Freer Hand For OWI On War News

President Roosevelt has informed the War, Navy and State Departments that the Office of War Information should be given full access to military information in order that the public may be more fully informed.

The President sent letters to Secretaries Stimson, Knox and Hull restating the powers originally conferred on the OWI when the agency was created in June, 1942.

The following was reported in Associated Press Washington advices of Sept. 7:

"The Presidential letters to Secretaries Stimson, Knox and Hull make it clear that OWI men are to have full access to military information and pictures, except the most secret matters, and that OWI will participate, in an advisory capacity, in the decisions as to their release.

"The letters confirmed the agreement reached at a conference with the President a week ago, in which OWI Director Elmer Davis, Secretary Knox, the Acting Secretary of War, John J. McCloy, and State Department officials participated.

"OWI attaches frequently have criticized the tendency of the armed forces to present the war to the public as one in which "nobody gets hurt." They have voiced the opinion that the public should realize that battles produce wounded and crazed men, and that readers should see pictures of blasted American ships and planes as well as those of the Axis."

Agricultural Department General Crop Report As Of September 1, 1943

Crop prospects in the United States declined less than 1% during August. Indications on Sept. 1 were that crop production would be 7% less than last year but still 4% higher than in any previous season, according to the U. S. Crop Reporting Board of the U. S. Department of Agriculture.

The outlook still is for near-record crop yields on the largest acreage in 10 years. The corn crop is now forecast at 2,985,000,000 bushels. This would be nearly 6% below the record production of last season but would be the second largest corn crop in 23 years. There will be record crops of beans, peas, soybeans, peanuts, rice, potatoes, flaxseed and grapes. There will be large crops of hay, oats, barley and grain sorghums and about average crops of wheat, rye, cotton, tobacco, sweetpotatoes and of the two sugar crops combined.

Compared with a month ago, production prospects for grain sorghums declined 18%, sweetpotatoes 12%, cotton and peanuts 6 to 7% and oats, barley, hay, sugarcane and tobacco 2 to 4%. Crop prospects declined drastically in the South Central States but improved in the North where rainfall was adequate and warm weather helped late-planted corn and soybeans in their race against early frost.

The reductions in crop prospects during August were due primarily to drought. The combination of low rainfall and high temperature hurt crops in a huge irregular area that extended from southern New England to central North Carolina, from northern Georgia to central New Mexico, from central Illinois to southwestern Mississippi and from central South Dakota to the Rio Grande. In the two worst areas, one covering most of Arkansas and eastern Oklahoma, and the other centering in Maryland and extending into surrounding States, the summer rainfall was less than half of normal and crop yields were seriously reduced.

As a result of drought in the main producing States sorghums harvested for grain are now expected to yield less than 14 bushels per acre, which is 3 bushels less than prospects a month ago. Sweetpotatoes are expected to yield 78 bushels per acre, which is 10 bushels less than were expected a month ago and 5 bushels below average. Corn prospects declined 23% in Nebraska and substantially in Kansas, in the New Jersey to Virginia area and locally in southern portions of Illinois and Missouri.

As a result of continued dry weather pastures and prospects for feed crops in most of the Southern States were poorer than on any previous September 1 since 1936, and there were beginning to be reports of liquidation of livestock from individual farms short of feed. During the first week of September, however, rains brought relief in most of the area from the Ohio Valley southwestward into Texas. These rains will permit farmers in this area to go ahead with preparation for fall-sown crops and will help crops still growing, including sorghums in the Southwest, and some lespedeza, soybeans, peanuts and sweetpotatoes and uncut fields of tobacco and corn. The rains should also revive fall pastures and materially ease the roughage situation in much of the drought area but in western Kansas, western Oklahoma, New Mexico and parts of Texas more rain is urgently needed. In these States and Nevada and Wyoming the condition of ranges was substantially below average on Sept. 1.

The aggregate production (in tons) of the eight major deciduous fruits (apples, peaches, pears, grapes, cherries, plums, prunes, apricots) is 16% below the 1942 total and 11% below the 10-year (1932-41) average. During August the California grape crop improved and the California and United States grape crops are indicated about 1% larger than any on record. Improvement in apple prospects during August in the Pacific Coast States was more than offset by a decline in prospects in the Eastern States. The United States apple crop is 28% smaller than last year and 24% below average. Citrus crops made good progress during August in all areas except Texas, where lack of moisture retarded development. The total tonnage of all citrus fruits from the bloom of 1943 should about equal the large crop from the bloom of 1942 and considerably above the levels of several years ago. Conditions on Sept. 1 indicate a combined tonnage of deciduous and citrus fruits about 11% smaller than last year but about 6% larger than the 10-year average. Production of tree nuts (walnuts, pecans, almonds, filberts) in 1943 is indicated to be 10% more than in 1942 and 21% larger than average.

Nationally the feed supply is large but not well distributed. Measured in tons, the farm supply of hay and feed grains are each larger than in any recent year except 1942. In proportion to the units of livestock to be fed the hay supply is equal to the average during the last six seasons, a period of large hay production. Feed grain supplies per unit of livestock appear low compared with the heavy supplies of post-drought years, but if supplies are closely utilized about the usual quantity per head of livestock can be fed. Conditions are, however, quite different from what they were a year ago. The surplus supplies of both hay and grain have disappeared so that the liberal and sometimes wasteful feeding practices then in evidence will not be able to continue. The uneven distribution of the supply would ordinarily result in increased shipments of feed and livestock but transportation problems are troublesome and price ceilings on feeds tend to increase the proportion of the feed fed on the farms where produced. Probably there will be more than the usual tendency for each area to adjust livestock to the feed supply available locally.

Commercial truck crops made only fair progress during August. Hot, dry weather in southern New England and in the Middle and South Atlantic States from southern New Jersey and southeastern Pennsylvania to North Carolina and Tennessee reduced market supplies, impaired quality and delayed planting of late crops. In the Rocky Mountain States crops made rapid progress, with ample rainfall and about normal temperatures. Timely rains in the Pacific Northwest during the last week of August were beneficial to fall crops.

Unfavorable conditions continued in all Texas truck crop areas. Moisture conditions of near-drought proportions by Sept. 1 threatened to interrupt fall-crop seeding and planting operations. Irrigation water was very low in all sections and transplanted crops in the irrigated districts of Laredo, the Winter Garden and San Antonio sections were making slow progress. Fall crop plantings in California mostly have been completed under favorable conditions and are making satisfactory progress.

Combined production of all commercial truck crops for the fresh market in 1943 is now indicated to be about 9% less than in 1942, but 2% above the 10-year (1932-41) average. Snap beans, carrots, kale, and tomatoes are the only crops showing increases over last season. The reduction from 1942 is especially pronounced for onions, cabbage, cantaloupe, celery, and watermelons.

Indicated combined production of fresh-market crops in areas from which the bulk of market supplies will come during the next few weeks is 3% less than corresponding production in 1942 but is 12% greater than the 1932-41 average. Beets, carrots, eggplant, green peas, and tomatoes show increases over the corresponding 1942 production. Much lighter supplies of onions, celery, and cucumbers are indicated with more moderate reductions for other crops.

The gathering of truck crops for processing continued active throughout August. Prospects at the end of the month were favorable for an aggregate tonnage, exceeding the 5 million ton mark, of eight important processing vegetables, green lima beans, beets, kraut cabbage, snap beans, sweet corn, green peas, pimentos, and tomatoes. The September 1 prospective production of 5,105,240 tons fails by 6% to meet the record high aggregate tonnage of 5,452,590 tons harvested in 1942, but exceeds the 10-year (1932-41) average production of 3,104,120 tons by 64%.

Corn: A bumper corn crop of 2,985,267,000 bushels is in prospect on September 1, a gain of 111 million bushels over the August 1 forecast. While the outlook is for a smaller crop than the record of 3,175,154,000 bushels produced in 1942, it would be, nevertheless, the second largest crop produced since 1920 and the fourth largest corn crop ever produced in the U. S. A crop of this size would exceed the 10-year (1932-41) average of 2,349,267,000 bushels by 636 million bushels, or 27%. The average, however, includes the two drought years, 1934 and 1936, when production was only 1,448,920,000 bushels and 1,505,689,000 bushels, respectively. The indicated yield on September 1 is 31.7 bushels, compared with 35.5 bushels in 1942—the record yield—and 24.9 bushels, the 10-year (1932-41) average.

Although corn production is larger than indicated a month ago, fairly marked changes in prospects occurred in the different sections of the country. Further deterioration of the crop continued during the month in areas which began to show the effects of high temperatures and inadequate rainfall in July. Abnormally light rainfall and continued high temperature in August caused further damage in the Southern sections where decreased yields were apparent on August 1 and, in addition, reduced prospects materially in Middle Atlantic States and parts of the Great Plains where corn was suffering, but generally holding out a month ago. The above normal temperatures were highly beneficial to corn in the important northern States where soil moisture supplies were generally adequate or rainfall timely enough to promote rapid development of a crop that made an unusually late start this season. While progress in these northern States has been exceptionally good, the crop is unusually varied in stages of growth—some just tasselling (in the extreme north), some well-dented, and much of the crop still in the filling stage. The crop will need good maturing weather and a late killing frost to prevent a sizable tonnage of soft corn, or corn of low quality and light weight. Harvest for grain has started in the south, while silo filling is in progress in the north. In some of the drought areas corn is being cut for fodder in order to salvage as much feed as possible from the damaged crop.

In the Corn Belt States, prospects show an increase of 132 million bushels over the August 1 forecast despite the marked deterioration of the Nebraska and Kansas crops. In these two States, prospects declined 63 million bushels but the increase in output for Iowa alone was enough to offset this loss. In Nebraska, moisture reserves were exhausted by mid-August. The resulting sharp deterioration was sudden, occurring in just a few days when abnormally high temperatures were experienced. In Kansas, late corn was seriously damaged, although early corn was made before adverse weather conditions prevailed. The South Dakota crop was hit by drought in the central section of the State but the gain in eastern counties was more than enough to offset this loss. Bumper crops are in prospect for other Corn Belt States. Production in Iowa, Wisconsin and Minnesota are all-time records. Near-record crops are indicated for Illinois, Indiana and Ohio. While yields per acre for these States are below those of a year ago, the acreage is substantially higher. Notwithstanding the generally favorable promise for the Central and Eastern Corn Belt States, the crop is extremely varied and still late. There are areas that suffered from drought in southern Illinois, southwest Indiana, and the south half of Missouri, while in northwest Ohio, parts of Michigan, and a few adjoining counties in Indiana progress has been retarded all season by too much rain. But throughout Iowa, a good share of Minnesota, Wisconsin, central Illinois and Ohio and most of Indiana, corn prospects are excellent and only dimmed by fear of damage from early frost.

In the North Atlantic States, corn prospects were reduced because of dry weather in Pennsylvania, New Jersey, and Connecticut. In New Jersey yield prospects declined 6.0 bushels during the month with corn suffering most damage in the central and southern parts. Yield prospects were higher in New York, but the crop varies greatly, with lateness a predominate feature.

In the South Atlantic States, production prospects were down 9 million bushels due to drought damage in Delaware, Maryland, and Virginia where yields were lower than last month by 5.5 bushels, 7.0 busheds, and 3.5 bushels respectively. In other States of this region yields were unchanged from a month ago and better than average.

In the South Central States, September 1 prospects were below those of August 1, with production the smallest since 1939. Continued high temperatures and severe drought caused extensive damage, particularly to late corn. The area of severe drought centers in Arkansas and Oklahoma and extends into surrounding States. Much of the early corn in Texas, Oklahoma, and Louisiana escaped damage from hot weather and good yields are reported. Harvest of early corn is under way.

Net prospects are higher than a month ago in the Western States. Higher yields in Mountain and Pacific Coast States offset damage from dry weather to the dry land crop in Colorado and Wyoming. Irrigated corn is exceptionally promising in Colorado and promises a record yield.

Wheat: The 1943 production of all wheat is placed at 834,957,000 bushels, practically the same as estimated on August 1st. This is 15% less than the all wheat production of 981,327,000 bushels in 1942 but 13% above the 10-year (1932-41) average of 738,412,000 bushels. All wheat acreage harvested this year is about 1% larger than last year although 9% below the ten-year average.

The production of all spring wheat is larger and winter wheat less than the 1942 and the 10-year average production for these crops.

The indicated production of all spring wheat is 301,100,000 bushels, compared with last year's 278,074,000 bushels, and the average of 188,231,000 bushels. All spring wheat yield per acre is estimated to be 18.8 bushels. This compares with 20.2 bushels for 1942 and the average of 11.4 bushels. Soil moisture and climatic conditions have been largely fair to very good for both the yield and quality of all spring wheat, particularly in Minnesota, the Dakotas and Montana. Threshing was about a third completed in North Dakota by September 1st and considering the larger-than-usual crop has made fair progress in other major spring wheat States. The yield in Washington is above average but less than the high yield in 1942.

Durum wheat production prospect is 36,387,000 bushels. This is nearly 19% below the 1942 crop of 44,660,000 bushels although well above the average of 26,992,000 bushels. The prospective production of other spring wheat is 264,713,000 bushels on a 20% larger acreage than harvested in 1942. Production is also up sharply from both the 1942 crop of 233,414,000 bushels and the average of 161,240,000 bushels.

Oats: Continuing the decline in oats prospects indicated a month earlier, a further decrease during August reduced prospective production to 1,145,060,000 bushels. This is nearly 16% below the excellent 1942 crop but 12% above the 1932-41 average. The indicated yield at 30.2 bushels compares with 35.9 in 1942 and the 10-year average of 28.1 bushels per harvested acre.

The decline in prospective production from a month earlier, amounting to about 44,500,000 bushels, or 4%, was largely due to lower yields reported in most Northeastern, Middle Atlantic and North Central States, which more than offset slightly improved prospects in Maine, Wisconsin and most Western States. Iowa, Nebraska and Kansas showed no changes in yield. Yields from Wisconsin and Illinois westward were mostly better than average, from Michigan and Indiana eastward mostly poorer than average.

Causes contributing to the lower yields than anticipated a month earlier were—drought in the Middle Atlantic States; lateness of planting combined with unfavorable conditions for growing and harvesting which resulted in short straw and light grain in Northeastern States; and hot, dry weather at the time heads were filling in North Central States. Harvest is practically complete, but some threshing remains in northern sections.

Barley: The indicated production of 333,282,000 bushels of barley on September 1 this year is 22% less than the record crop of 426,150,000 bushels produced in 1942, but 37% more than the 10-year (1932-41) average production of 243,373,000 bushels.

Yields, after completion of harvest, are below earlier expectations in all important producing areas. In Minnesota, Nebraska and North and South Dakota yield prospects are from one-half to four bushels less than on Aug. 1.

The September 1 indicated yield per acre for the United States is 22.1 bushels compared with 23.1 bushels indicated a month ago. The reduced prospects are the result of damage from lodging, loss of grain in the shock, blight, rust and heat. For the country as a whole the 1943 indicated yield is 3.3 bushels less than last year but 0.7 bushel above the 10-year average yield of 21.4 bushels.

Buckwheat: Buckwheat prospects improved during August, and September 1 conditions indicate a 1943 crop of 8,472,000 bushels—173,000 bushels above

August 1 indications. This production is 27% more than the 1942 production of 6,687,000 bushels, and 21% above the 10-year (1932-41) average production of 7,029,000 bushels. The 1943 acreage of 493,000 acres for harvest is 30% above the 378,000 acres harvested in 1942 and 16% above the 10-year (1932-41) average.

September 1 conditions indicate a yield per acre of 17.2 bushels as compared with 16.8 bushels a month earlier and 16.6 bushels for the 10-year (1932-41) average. Yield prospects improved slightly during August in New York and Michigan but held steady in Pennsylvania. An early frost would do considerable damage.

Rice: Prospective production of rice at 71,217,000 bushels exceeds by 7% the record crop of 1942. Such a crop would exceed the 1932-41 average by about 50%. The total varies only slightly from that forecast in previous months of 1943, but represents shifting yield situations within the rice area.

In the Southern rice area production of 59,062,000 bushels is now in prospect, nearly 8% more than in 1942. Shortage of water in Arkansas has made weed control difficult, reduced yields and resulted in some loss of acreage. Cutting of early varieties was started the last week of August, earlier than usual. In Louisiana the crop was produced under difficulties because of occasional shortages of irrigation water, scarcity of labor, and weeds. Despite this prospects improved in August. Harvest of early varieties was well along, with fair to good yields; late varieties are nearly ready for harvest. Effects of the July tropical storm in Texas were offset by conditions ideal for salvaging the damaged crop and for maturing and harvesting the major portion of the production.

California rice prospects have been reduced as the result of cool weather throughout most of the season. The average yield of 55 bushels per acre is 1 bushel below that of 1942 and 14.9 bushels below the 1932-41 average. Expansion in acreage to include low yielding and "second year" land has reduced the average yield to a lower level in recent years. Production indicated now at 12,155,000 bushels is about 5% above that of 1942 only because of the larger acreage. Harvest is not expected to be started before October 1.

Potatoes: The potato crop continued to improve under the favorable weather conditions that prevailed in most of the important late areas during August. Total production in the United States for 1943 is now placed at 460,512,000 bushels, compared with 371,150,000 bushels in 1942 and the 10-year (1932-41) average of 363,332,000 bushels. The indicated production is larger than any crop of record, exceeding the previous record of 427,249,000 bushels in 1928 by 33 million bushels.

Most of the improvement in the production outlook occurred in the 18 surplus late States where the September estimate is 19,419,000 bushels above the August estimate. Each State of this group, except Pennsylvania, Nebraska, and California show prospective production equal to or in excess of the August estimate. Growing conditions during August were particularly favorable in Maine and Colorado. On September 1 nearly all vines in Maine were green, had a good set of tubers, and showed relatively little late blight. In Colorado, the San Louis Valley and west-central areas had frequent rains and good growing conditions. Wisconsin, Minnesota, North Dakota, Idaho, and Washington show rather substantial increases over the August estimates. Considerable acreage was planted late, however, and the crops will be more vulnerable than usual to early-frost damage. Frosts in the Klamath Falls and Crooks-Deschutes of Oregon on August 29 caused about 10% damage in those areas but favorable growing weather which preceded these frosts probably improved prospects for the State as a whole as much as the loss from frost damage. A frost in the Tule Lake area of California on September 1 stopped growth in most fields and caused a slight reduction in yield per acre. Slight declines in crop prospects occurred in Nebraska and Pennsylvania because of the high temperatures and dry weather that prevailed in some areas. Weather conditions in the late States have been favorable for the control of late blight and reports indicate very little damage to date from this disease.

Outside the 18 surplus late States, August conditions brought a slight net decline in production prospects, largely the effect of hot weather and continued drought in Southern and Atlantic Coast States from New Jersey to Florida.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus
Sept. 21	120.55	110.88	119.00	116.41	111.07	98.73	103.13	113.70	116.41
20	120.55	110.88	119.00	116.41	111.07	98.73	103.13	113.70	116.61
18	120.55	110.88	119.00	116.41	111.07	98.73	103.13	113.70	116.61
17	120.55	111.07	119.20	116.61	111.07	98.73	103.13	113.70	116.61
16	120.55	111.07	119.20	116.61	111.25	98.88	103.13	113.89	116.61
15	120.56	111.07	119.20	116.61	111.25	98.88	103.13	113.89	116.80
14	120.56	111.07	119.00	116.41	111.25	98.88	103.13	112.89	116.80
13	120.58	111.07	119.20	116.61	111.25	98.88	103.13	113.89	117.00
11	120.57	111.07	119.20	116.61	111.25	99.04	103.13	113.89	117.00
10	120.56	111.07	119.20	116.61	111.25	98.88	103.13	113.89	116.80
9	120.45	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00
8	120.42	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00
7	120.33	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00
6	Exchange Closed								
4	120.30	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00
3	120.30	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00
2	120.29	111.25	119.20	116.80	111.62	98.73	103.30	113.89	117.00
1	120.29	111.25	119.20	116.80	111.62	98.73	103.13	113.89	117.00
Aug. 27	120.34	111.25	119.20	116.80	111.44	98.88	103.13	112.89	117.20
20	120.20	111.25	119.20	116.80	111.44	99.04	103.30	113.89	117.00
13	120.29	111.25	119.20	116.80	111.62	99.04	103.30	113.89	117.20
6	120.19	111.25	119.20	117.00	111.62	99.04	103.13	114.08	117.20
July 30	120.18	111.44	119.41	117.00	111.62	99.04	103.30	114.08	117.20
23	120.51	111.25	119.20	116.80	111.44	99.20	103.30	114.08	117.00
16	120.46	111.25	119.20	116.80	111.44	99.20	103.13	114.08	117.20
9	120.73	111.07	119.20	116.61	111.25	98.88	102.80	114.08	117.00
2	120.75	110.70	118.80	116.22	111.25	98.25	102.46	113.70	116.61
Jun 25	120.41	110.70	118.80	116.22	111.07	98.09	102.46	113.70	116.61
18	120.15	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
11	119.99	110.52	118.60	116.02	111.07	97.94	102.30	113.50	116.41
4	119.92	110.34	118.40	115.82	111.07	97.78	102.30	113.50	116.02
May 28	119.82	110.34	118.20	115.82	110.88	97.78	102.30	131.31	115.82
Apr. 30	118.36	109.79	118.00	115.43	110.34	97.00	101.31	113.12	115.63
Mar. 26	116.93	109.60	117.80	115.43	110.52	96.23	100.65	113.12	115.63
Feb 26	117.11	109.24	117.60	115.43	110.15	95.47	100.00	112.93	115.43
Jan. 29	117.04	108.70	117.60	115.04	109.79	94.56	99.04	112.56	115.43
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
High 1942	118.41	107.62	117.20	114.27	108.88	92.64	97.47	112.19	114.66
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.32	109.60	112.75
1 Year ago Sept. 21, 1942	117.59	107.27	117.00	113.70	108.52	92.06	96.85	111.62	114.08
2 Years ago Sept. 20, 1941	118.88	107.44	118.00	114.85	108.70	91.34	96.69	111.81	115.43

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1943— Daily Averages	U. S. Govt. Bonds	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Sept. 21	1.80	3.12	2.70	2.83	3.11	3.83	3.56	2.97	2.83
20	1.80	3.12	2.70	2.83	3.11	3.83	3.56	2.97	2.82
18	1.80	3.12	2.70	2.83	3.11	3.83	3.56	2.97	2.82
17	1.80	3.11	2.69	2.82	3.11	3.83	3.56	2.97	2.82
16	1.80	3.11	2.69	2.82	3.10	3.82	3.56	2.96	2.82
15	1.80	3.11	2.69	2.82	3.10	3.82	3.56	2.96	2.81
14	1.81	3.11	2.70	2.83	3.10	3.82	3.56	2.96	2.81
13	1.81	3.11	2.69	2.82	3.10	3.82	3.56	2.96	2.80
11	1.81	3.11	2.69	2.82	3.10	3.81	3.56	2.96	2.80
10	1.81	3.11	2.69	2.82	3.10	3.82	3.56	2.96	2.81
9	1.82	3.11	2.69	2.82	3.09	3.82	3.56	2.96	2.80
8	1.82	3.11	2.69	2.82	3.09	3.82	3.56	2.96	2.80
7	1.83	3.11	2.69	2.82	3.09	3.82	3.56	2.96	2.80
6	Exchange Closed								
4	1.83	3.11	2.69	2.82	3.09	3.82	3.56	2.96	2.80
3	1.83	3.10	2.69	2.81	3.08	3.83	3.55	2.96	2.80
2	1.83	3.10	2.69	2.81	3.08	3.82	3.55	2.96	2.80
1	1.83	3.10	2.69	2.81	3.08	3.83	3.56	2.96	2.80
Aug. 27	1.83	3.10	2.69	2.81	3.09	3.82	3.56	2.96	2.79
20	1.84	3.10	2.69	2.81	3.09	3.81	3.55	2.96	2.80
13	1.83	3.10	2.69	2.81	3.08	3.81	3.55	2.96	2.79
6	1.84	3.10	2.69	2.80	3.08	3.81	3.56	2.95	2.79
July 30	1.84	3.09	2.68	2.80	3.08	3.81	3.55	2.95	2.79
23	1.81	3.10	2.69	2.81	3.09	3.80	3.55	2.95	2.80
16	1.82	3.10	2.69	2.81	3.09	3.80	3.56	2.95	2.79
9	1.80	3.11	2.69	2.82	3.10	3.82	3.58	2.95	2.80
2	1.80	3.13	2.71	2.84	3.10	3.86	3.60	2.97	2.82
Jun 25	1.82	3.13	2.71	2.84	3.11	3.87	3.60	2.97	2.82
18	1.84	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
11	1.87	3.14	2.72	2.85	3.11	3.88	3.61	2.98	2.83
4	1.87	3.15	2.73	2.86	3.11	3.89	3.61	2.98	2.85
May 28	1.88	3.15	2.74	2.86	3.12	3.89	3.61	2.99	2.86
Apr. 30	1.98	3.18	2.75	2.88	3.15	3.94	3.67	3.00	2.87
Mar. 26	2.08	3.19	2.76	2.88	3.14	3.99	3.71	3.00	2.87
Feb 26	2.06	3.21	2.77	2.88	3.16	4.04	3.75	3.01	2.88
Jan. 29	2.06	3.24	2.77	2.90	3.18	4.10	3.81	3.03	2.88
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
High 1942	2.14	3.39	2.88	3.02	3.33	4.37	4.05	3.19	3.02
Low 1942	1.93	3.30	2.79	2.94	3.23	4.23	3.91	3.05	2.92
1 Year ago Sept. 21, 1942	2.04	3.32	2.80	2.97	3.25	4.27	3.95	3.08	2.95
2 Years ago Sept. 20, 1941	1.94	3.31	2.75	2.91	3.24	4.32	3.96	3.07	2.88

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Moody's Daily Commodity Index

Tuesday, Sept. 14	247.7
Wednesday, Sept. 15	246.7
Thursday, Sept. 16	247.1
Friday, Sept. 17	248.0
Saturday, Sept. 18	247.8
Monday, Sept. 20	247.8
Tuesday, Sept. 21	248.3
Two weeks ago, Sept. 7	246.6
Month ago, Aug. 21	245.0
Year ago, Sept. 21	233.0
1942 High, Dec. 22	239.9
Low, Jan. 2	220.0
1943 High, April 1	249.8
Low, Jan. 2	240.2

Roosevelt In Message To Congress Pledges New Blows At Axis; Calls For Increased Output

(Continued from page 1225)

The American people as a whole, however, are fair-minded. They have learned to distinguish between the sensational and the factual. They know that there is no so-called "news" when things run right. They know, for example, that a few newspapers and columnists and radio commentators can make controversy create "news" which is eagerly sought by Axis propagandists in their evil work.

Obviously we never could have produced and shipped as much as we have, we could not now be in the position we now occupy in the Mediterranean, in Italy, or in the Southwest Pacific, or on the Atlantic convoy routes, or in the air over Germany and France if conditions in Washington and throughout the nation were as confused and chaotic as some people try to paint them.

We know that in any large private industrial plant doing a thousandth part of what their Government in Washington is doing, there are also occasional mistakes and arguments. But this is not a good comparison. It is like comparing a motor boat with a battleship.

What I have said is not in any way an apology—it is an assertion and a boast that the American people and their Government are doing an amazingly good job in carrying out a vast program which two years ago was said to be impossible of fulfillment. Luckily the American people have a sense of proportion—and a memory.

As General Marshall has said, in his biennial report, "the development of the powerful army of today . . . has been dependent upon vast appropriations and the strong support of the Congress and the cooperation of numerous Government agencies."

I urge all Americans to read General Marshall's fine, soldierly record of the achievements of our army through two of the most tremendous years in our history. This is a record which Americans will never forget.

As the war grows tougher and as new problems constantly arise in our domestic economy, changes in methods and changes in legislation may become necessary.

We should move for the greater economic protection of our returning men and women in the armed forces—and for greater educational opportunities for them. And for all our citizens we should provide a further measure of social security in order to protect them against certain continuing hazards of life.

All these things, as well as eventual demobilization, should be studied now and much of the necessary legislation should be enacted. I do not mean that this statement should be regarded in any way as an intimation that we are approaching the end of the war. Such an intimation could not be based either on fact or on reason. But when the war ends we do not want to be caught again without planning or legislation, such as occurred at the end of the last war.

On all these, and on other subjects, I expect to communicate with this Congress from time to time.

In this critical period in the history of our country and of the world, we seek cooperation between the executive and the legislative branches of the Government to furnish our citizens with the security of the standard of living to which their resources and their skills in management and labor entitle them in all matters which concern this nation's welfare, present and future—and the first of such matters, obviously, is the winning of this war.

Finally, as the war progresses, we seek a national cooperation with others toward the end that world aggression be ended and that fair international relationships be established on a permanent basis. The policy of the Good Neighbor has shown such success in the hemisphere of the Americas that its extension to the whole world seems to be the logical next step. In that way we can begin to keep faith with our sons and daughters who are fighting for freedom and justice and security at home and abroad.

FRANKLIN D. ROOSEVELT.
The White House,
Sept. 17, 1943.

The News Behind The News

(Continued from first page)

some sort of super world organization would control the armed might of the world and thus completely destroy, all the national sovereignties of all nations.

Off hand, I would say that even if we wanted this, Russia would never accept it, and I doubt if Britain would, the idea of an international police force to run Russia must make Stalin laugh.

Incontrovertible fact No. 2 is that Hatch and others who believe in such a force, actually think they are continuing the alliance which is winning this war. The war is being won in an entirely different way. We have our Army and Navy, the British have theirs, Russia theirs.

We and the British have worked pretty close, but we do not even yet know the simple facts of the Russian Army strength or plans. The sovereignty of each Ally has been preserved so far in the winning of this war. Of cooperation, there has been plenty, but each nation has carefully retained its own integrity.

If Senator Hatch and the others really want to continue the war status quo into the post war world, there will be no international army and no super state. (Stalin has not even been in conference with us yet.)

We are winning this war, from the American standpoint, because we were able to put a superior army and superior equipment into the field on time. We nearly were too late.

If Senator Hatch and the others in that school want to carry the victory over into the peace, they will primarily insist that we maintain our superior army, air force, navy, and keep our production lines ready and open, so we will never be caught flatfooted in another Pearl Harbor.

Fact No. 3 is their assumption that an international army or super state would eliminate differences between nations. Well, we had relatively the existing Allied armed situation or better, at the time Manchukuo was invaded by the Japs, China outrageously attacked, and Ethiopia conquered—and we never did anything about it.

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Weekly Coal And Coke Production Statistics

The Solid Fuels Administration for War, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Sept. 11, 1943 is estimated at 11,550,000 net tons, as compared with 12,010,000 tons in the preceding week. This decrease of 460,000 tons, or 3.8%, was due to the partial holiday observance of Labor Day, Sept. 6. Output in the corresponding week last year amounted to 10,683,000 tons. Total estimated production of soft coal to date exceeded that for the same period last year by 1.8%.

The U. S. Bureau of Mines estimated that the total production of Pennsylvania anthracite for the week ended Sept. 11, 1943 was 1,190,000 tons, a decrease of 64,000 tons (5.1%) from the preceding week. When compared with the output in the corresponding week of 1942, however, there was an increase of 27,000 tons or 2.3%. The calendar year 1943 to date shows an increase of less than 0.1% when compared with the same preiod of 1942.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended Sept. 11, 1943 showed a decrease of 200 tons when compared with the output for the week ended Sept. 4, 1943. The quantity of coke from beehive ovens increased 1,200 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF COAL WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(In Net Tons—000 Omitted.)

	Week Ended			January 1 to Date		
Bituminous coal and lignite—	Sep. 11, 1943	†Sep. 4, 1943	Sep. 12, 1942	‡Sep. 11, 1943	Sep. 12, 1942	Sep. 1, 1937
Total, incl. mine fuel	11,550	12,010	10,683	408,912	401,510	304,122
Daily average	§2,026	2,002	2,137	1,896	1,881	1,425
*Crude petroleum—						
Coal equivalent of weekly output	6,974	6,784	6,251	232,261	220,636	201,688

*Total barrels produced during the week converted into equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, Review of 1940, page 775). †Revised. ‡Subject to current adjustment. §Labor Day, Sept. 6, weighted as 0.7 of a normal working day.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Cal. Year to Date		
Penn. anthracite—	§Sep. 11, 1943	¶Sep. 4, 1943	Sep. 12, 1942	Sep. 11, 1943	Sep. 12, 1942	Sep. 14, 1929
*Total incl. coll. fuel	1,190,000	1,254,000	1,163,000	42,461,000	42,449,000	48,710,000
†Commercial production	1,142,000	1,204,000	1,116,000	40,762,000	40,751,000	45,203,000
By-product coke—						
United States total	1,242,600	1,242,800	1,217,400	44,097,100	43,228,900	‡
Beehive coke—						
United States total	162,900	161,700	145,200	5,473,600	5,762,100	4,871,600

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes washery fuel. ‡Comparable data not available. §Subject to revision. ¶Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Sept. average
State—	Sep. 4, 1943	Aug. 28, 1943	Sep. 5, 1942	Sep. 6, 1941	Sep. 4, 1937	¶1923
Alabama	383	385	363	155	247	406
Alaska	5	5	6	3	2	**
Arkansas and Oklahoma	92	88	93	93	86	96
Colorado	153	147	149	132	113	214
Georgia and North Carolina	1	1	1	††	††	**
Illinois	1,503	1,509	1,267	1,010	959	1,587
Indiana	536	515	497	423	290	550
Iowa	43	39	50	37	60	117
Kansas and Missouri	161	149	164	133	112	168
Kentucky—Eastern	939	952	947	897	801	713
Kentucky—Western	314	320	261	178	166	248
Maryland	35	37	34	31	27	40
Michigan	5	3	5	10	2	27
Montana (bituminous and lignite)	99	96	78	55	52	68
New Mexico	37	37	34	21	33	56
North and South Dakota (lignite)	36	32	35	27	24	**27
Ohio	648	662	683	583	478	861
Pennsylvania (bituminous)	2,905	2,971	2,804	2,625	2,159	3,585
Tennessee	128	128	148	139	97	119
Texas (bituminous and lignite)	3	3	7	6	26	26
Utah	110	110	120	95	75	103
Virginia	404	416	392	380	283	245
Washington	25	28	42	30	38	58
*West Virginia—Southern	2,233	2,296	2,175	2,073	1,825	1,474
†West Virginia—Northern	1,035	1,031	940	781	518	857
Wyoming	171	169	158	133	107	165
‡Other Western States	1	1	††	††	††	**4
Total bituminous and lignite	12,010	12,130	11,453	10,050	8,580	11,814
§Pennsylvania anthracite	1,254	1,296	1,248	1,262	808	714
Total all coal	13,264	13,426	12,701	11,312	9,388	12,528

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "Other Western States." ††Less than 1,000 tons.

Civil Engineering Construction $43,332,000 For Week

Civil engineering construction volume for the week in continental U. S. totals $43,332,000. This volume, not including the construction by military engineers abroad, by American contractors outside the country, and shipbuilding, is 79% below the total for the corresponding 1942 week, and compares with $36,606,000 for the holiday-shortened preceding week as reported by "Engineering News-Record" on Sept. 16, which added:

Private construction is 26% lower than in the week last year, and public work is down 81%. State and municipal work is 8% above last year, but Federal volume declines 84%.

The current week's total brings 1943 construction to $2,365,700,000, an average of $63,938,000 for each of the 37 weeks of the period. On the weekly average basis, 1943 construction is 68% below the $7,484,907,000 reported for the 38-week period in 1942. Private construction, $302,953,000, is 33% lower than a year ago, and public construction, $2,062,747,000, is down 70% when adjusted for the difference in the number of weeks.

Civil engineering construction volumes for the 1942 week, last week, and the current week are:

	Sept. 17, '42 (five days)	Sept. 9, '43 (four days)	Sept. 16, '43 (five days)
Total U. S. Construction	$206,028,000	$36,606,000	$43,332,000
Private Construction	8,415,000	6,699,000	6,218,000
Public Construction	197,613,000	29,907,000	37,114,000
State and Municipal	6,072,000	2,266,000	6,579,000
Federal	191,541,000	27,641,000	30,535,000

In the classified construction groups, gains over the short preceding week are in sewerage, bridges, industrial buildings, earthwork and drainage, streets and roads, and unclassified construction. Bridge construction is the only class to top a year ago. Subtotals for the week in each class of construction are: waterworks, $309,000; sewerage, $939,000; bridges, $676,000; industrial buildings, $828,000; commercial building and large-scale private housing, $4,891,000; public buildings, $16,709,000; earthwork and drainage, $1,256,000; streets and roads, $8,874,000; and unclassified construction, $8,850,000.

New capital for construction purposes for the week totals $333,000, and is made up entirely of State and municipal bond sales. New construction financing for the 37 weeks of 1943, $2,929,488,000, is 68% below the $9,527,250,000 reported for the 38-week 1942 period.

Non-Ferrous Metals—Quicksilver Order Modified —October Copper Restrictions Released

Editor's Note—At the direction of the Office of Censorship certain production and shipment figures and other data have been omitted for the duration of the war.

"E. & M. J. Metal and Mineral Markets," in its issue of Sept. 16 stated:

"The War Production Board last week modified its conservation order for quicksilver on definite indications that the supply situation in the metal has eased appreciably. Those in close touch with the developments in quicksilver regarded the supply picture as easier for several months past. Lead, magnesium and tungsten also are metals more comfortably placed in so far as supplies are concerned. Authorities in Washington still look upon copper and zinc as critical. Exports of tin concentrate from Bolivia have increased, reflecting improved shipping conditions." The publication further went on to say in part:

Copper

"Though only a few certificates for October metal came through Sept. 15, the notices are in the mail and the trade is set for the usual monthly rush for copper. WPB is making it easier for retailers and repairmen to obtain small amounts of copper wire. This, however, is not viewed as a move to ease any of the restrictions on use of the metal for civilian purposes.

"A new edition of the conservation chart for brass and bronze castings has been issued by the Conservation Division of WPB. This has been prepared to guide engineers and designers in specifying less critical grades of material, replacing the down-grading chart issued by the Division last January. Carter S. Cole, of the Conservation Division, stated that engineers have utilized the previous chart in making specification changes that have made efficient use of our supplies of secondary and scrap material.

Lead

"The expected increase in the sales volume for lead occurred last week, so that WPB officials and others can take necessary action on Sept. 20 in reference to the allocation of foreign metal. Sales for the week were 57½% in excess of sales in the preceding seven-day period. Consumption of lead for other than war purposes has increased during the summer period, the industry believes, and the trend continues upward. Battery makers have been doing better. Quotations remain unchanged.

Zinc

"The market situation in zinc remains unchanged. Producers appeared more hopeful that renegotiation of contracts in so far as the basic materials are concerned will be dropped. This, of course, includes zinc.

"General Preference Order M-11-a, relating to the distribution of zinc oxide, has been amended by WPB to further tighten the controls. The amended order now prevents the shipments of lead-free zinc oxide except to fill orders rate AA-5 or higher. The revised order also limits inventories of the person accepting delivery of zinc oxide to 45 days' supply on the basis of his current method and rate of operation. The amended order was issued Sept. 13.

Tin

"Improved shipping conditions are reflected in the latest figures on exports of tin concentrates from Bolivia. The quantity that left the country during July amounted to 3,990 metric tons of tin contained in the concentrates, of which total Patino contributed 2,229 tons. Exports for June amounted to 2,975 tons, and for July last year 3,480 tons. Figures covering the first seven months of the current year show exports of 22,389 tons of tin, which compares with 22,895 tons in the same period last year. Production statistics for Bolivia are not available.

"The price situation continues unchanged. Straits quality tin for shipment was as follows, in cents per pound:

	Sept.	Oct.	Nov.
Sept. 9	52.000	52.000	52.000
Sept. 10	52.000	52.000	52.000
Sept. 11	52.000	52.000	52.000
Sept. 13	52.000	52.000	52.000
Sept. 14	52.000	52.000	52.000
Sept. 15	52.000	52.000	52.000

"Chinese, or 99% tin, continues at 51.125¢ a pound.

Quicksilver

"WPB last week amended the conservation order for quicksilver, permitting freer use of the metal because of an appreciable easing of the supply situation. With a 'ceiling' and 'floor' regulating the price of quicksilver, the market took the news calmly. Quotations continued at $196@$198 per flask, New York.

Silver

"Correcting an earlier release on the use of foreign silver in the manufacture of brazing alloys and solders, WPB now prohibits processing of any foreign silver up to one month's supply on hand July 29. Manufacturers could have used up this quantity up to Aug. 29, WPB contends, because the order limiting use of foreign silver for the purposes named was not issued until Sept. 6.

"The silver market in London during the last week was unchanged at 23½d. per ounce. The New York Official for foreign silver was unchanged at 44¾¢."

Daily Prices

The daily prices of electrolytic copper (domestic and export, refinery), lead, zinc and Straits tin were unchanged from those appearing in the "Commercial and Financial Chronicle" of July 31, 1942, page 380.

NY Savings Banks To Buy $600 Million In War Bonds

Savings banks in New York State will purchase over $600,000,000 of Government Bonds during the Third War Loan Drive this month, according to August Ihlefeld, President of the Savings Bank Trust Co., and executive officer of the Savings Bank team of the War Finance Committee's Banking & Investment Division. In addition, the savings banks will conduct an intensive advertising and selling campaign to stimulate the purchase of War Bonds by their depositors.

"During the first seven months of this year, the savings banks of this State sold over $150,000,000 of War Bonds directly to individuals, and this figure will be greatly swelled by their drive for subscriptions during the period of the Third War Loan," Mr. Ihlefeld said.

Savings banks are addressing "A Message To Our Depositors" in an advertisement which will appear in 140 newspapers in the State, explaining the need for every person in the country to buy an extra $100 War Bond during the Third War Loan Drive. It is pointed out that the amount of bonds purchased by the savings banks and sold to their depositors will make an important contribution toward reaching the State's quota of $4,709,000,000 in the September drive.

On July 1 of this year, the savings banks of New York State had 46½% of their total deposits invested in Government Bonds, and by the end of the Third War Loan Drive this figure will have risen to about 50%. Virtually all of new deposits in savings banks are going into Government Bonds. Furthermore, the savings banks have been selling corporation bonds and investing the proceeds in Government securities, it was said. The savings banks of the State have deposits of about six billion dollars, and their depositors number six million.

The 132 New York State savings banks form one of the 17 teams organized by the Banking and Investment Division of the War Finance Committee for New York.

C. B. Baldwin Heads Relief For Italy

The State Department announced on Sept. 4 the appointment of Calvin B. Baldwin to direct United States economic operations in Italy when that country is liberated.

As a result of this assignment, Mr. Baldwin has resigned as head of the Farm Security Administration, a post he held for three years. From 1935 to 1940 Mr. Baldwin was Assistant Administrator of the Resettlement Administration, which the FSA replaced.

Mr. Baldwin is now named area director to deal with economic affairs in Italy "whenever the United States civilian agencies enter the country to assist in connection with its supply and other economic problems."

President Roosevelt on Sept. 6 accepted the resignation of Mr. Baldwin as FSA head, thanking him for "the high standard of public service" which he had given. In his letter, the President cited Mr. Baldwin's eight years given "to the rebuilding of the family farm as the keystone in our national agriculture structure."

Daily Average Crude Oil Production For Week Ended Sept. 11, '43 Increased 118,500 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Sept. 11, 1943 was 4,353,950 barrels, a gain of 118,500 barrels over the preceding week and 451,500 barrels per day more than produced in the corresponding week of 1942. The current figure, however, is 198,150 barrels less than the daily average figure recommended by the Petroleum Administration for War for the month of September, 1943. Daily output for the four weeks ended Sept. 11, 1943 averaged 4,251,000 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,216,000 barrels of crude oil daily and produced 12,606,000 barrels of gasoline; 1,414,000 barrels of kerosine; 4,162,000 barrels of distillate fuel oil, and 8,350,000 barrels of residual fuel oil during the week ended Sept. 11, 1943; and had in storage at the end of that week 71,928,000 barrels of gasoline; 11,095,000 barrels of kerosine; 39,401,000 barrels of distillate fuel, and 67,011,000 barrels of residual fuel oils. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations September	*State Allowables Begin. Sept. 1	Actual Production Week Ended Sept. 11, 1943	Change from Previous Week	4 Weeks Ended Sept. 11, 1943	Week Ended Sept. 12, 1942
Oklahoma	347,000	358,000	†327,200	+ 2,250	326,900	370,200
Kansas	300,000	290,000	†290,450	+ 27,150	289,850	272,650
Nebraska	2,000	------	†1,800	----	1,800	3,450
Panhandle Texas			104,000	+ 2,600	100,350	90,000
North Texas			140,600	+ 100	140,500	136,600
West Texas			332,500	+ 31,700	287,500	205,600
East Central Texas			130,200	+ 100	130,050	86,200
East Texas			380,000	+ 3,850	374,550	362,400
Southwest Texas			262,250	+ 9,950	248,150	164,200
Coastal Texas			482,800	+ 3,500	477,750	310,900
Total Texas	1,909,000	‡1,946,153	1,832,350	+ 51,800	1,758,850	1,355,900
North Louisiana			82,100	— 100	82,400	97,300
Coastal Louisiana			278,500	+ 5,000	272,250	240,250
Total Louisiana	375,000	399,000	360,600	+ 4,900	354,650	337,550
Arkansas	80,100	80,052	76,650	----	76,500	72,500
Mississippi	50,000		49,150	— 2,400	50,750	73,350
Illinois	222,800		227,450	+ 16,100	214,550	276,000
Indiana	13,800		14,000	+ 900	13,750	17,450
Eastern— (Not incl. Ill., Ind. and Ky.)	86,600		74,100	— 4,200	75,450	83,300
Kentucky	25,500		22,500	+ 1,700	22,300	11,900
Michigan	60,100		59,100	+ 3,550	56,200	65,800
Wyoming	98,800		98,950	+ 7,750	97,300	86,900
Montana	23,300		21,350	----	21,350	21,700
Colorado	6,500		6,950	+ 200	7,000	7,450
New Mexico	116,600	116,600	105,050	----	105,050	97,650
Total East of Calif.	3,717,100		3,567,650	+ 109,700	3,472,250	3,153,750
California	835,000	§835,000	786,300	+ 8,800	778,750	748,700
Total United States	4,552,100		4,353,950	+ 118,500	4,251,000	3,902,450

*P.A.W. recommendations and state allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual state production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline and allied products in June, 1943, as follows: Oklahoma, 27,000; Kansas, 4,900; Texas, 106,400; Louisiana, 19,300; Arkansas, 4,000; Illinois, 11,500; Eastern (not including Illinois, Indiana or Kentucky), 6,000; Kentucky, 2,200; Michigan, 100; Wyoming, 2,000; Montana, 300; New Mexico, 5,400; California, 46,000.

†Oklahoma, Kansas, Nebraska figures are for week ended Sept. 9, 1943.

‡This is the net basic allowable as of Sept. 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 3 to 7 days, the entire state was ordered shut down for 9 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 9 days shut-down time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED SEPT. 11, 1943

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,444	88.7	2,158	88.3	6,119	30,885	17,810	17,319
Appalachian—								
District No. 1	130	83.9	103	79.2	307	1,359	701	340
District No. 2	47	87.2	48	102.1	180	934	123	173
Ind., Ill., Ky.	824	85.2	749	90.9	2,603	14,096	5,932	3,356
Okla., Kans., Mo.	416	80.1	329	79.1	1,177	5,992	2,265	1,656
Rocky Mountain—								
District No. 3	8	26.9	8	100.0	30	60	20	29
District No. 4	139	57.7	107	77.0	336	1,218	396	735
California	817	89.9	714	87.4	1,854	17,384	12,154	43,403
Tot. U. S. B. of M. basis Sept. 11, 1943	4,825	86.4	4,216	87.4	12,606	†71,928	39,401	67,011
Tot. U. S. B. of M. basis Sept. 4, 1943	4,825	86.4	4,214	87.3	12,343	71,402	38,673	67,675
U. S. Bur. of Mines basis Sept. 12, 1942			3,737		11,268	80,224	44,216	79,019

*At the request of the Petroleum Administration for War. †Finished, 61,538,000 barrels; unfinished, 10,390,000 barrels. ‡At refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,414,000 barrels of kerosine, 4,162,000 barrels of gas oil and distillate fuel oil and 8,350,000 barrels of residual fuel oil produced during the week ended Sept. 11, 1943, which compares with 1,269,000 barrels, 4,361,000 barrels and 8,703,000 barrels, respectively, in the preceding week and 1,265,000 barrels, 4,215,000 barrels and 7,094,000 barrels, respectively, in the week ended Sept. 12, 1942.

Note—Stocks of kerosine amounted to 11,095,000 barrels at Sept. 11, 1943, against 10,725,000 barrels a week earlier and 12,245,000 barrels a year before.

Electric Output For Week Ended Sept. 18, 1943, Shows 16.0% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 18, 1943, was approximately 4,358,512,000 kwh., compared with 3,756,922,000 kwh. in the corresponding week last year, an increase of 16.0%. The output for the week ended Sept. 11, 1943, was 18.0% in excess of the similar period of 1942.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended Sept. 18	Sept. 11	Sept. 4	Aug. 28
New England	4.7	6.2	5.9	7.1
Middle Atlantic	14.4	19.1	19.6	19.9
Central Industrial	13.5	15.1	14.3	16.4
West Central	9.0	10.3	11.9	13.0
Southern States	20.0	23.3	26.1	23.0
Rocky Mountain	19.0	18.5	17.7	17.6
Pacific Coast	23.8	22.4	22.4	22.9
Total United States	16.0	18.0	18.4	18.7

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1943	1942	% Change 1943 over 1942	1941	1932	1929
July 3	4,110.793	3,424,188	+20.1	2,903,727	1,341,730	1,592,075
July 10	3.919,398	3.428,916	+14.3	3,178.054	1,415,704	1,711.625
July 17	4,184,143	3,565,367	+17.4	3,199,105	1,433,993	1,727,225
July 24	4,196,357	3,625,645	+15.7	3,220,526	1,440,386	1,732,031
July 31	4,226,705	3,649,146	+15.8	3,263,082	1,426,986	1,724,728
Aug 7	4,240,638	3,637,070	+16.6	3,233,242	1,415,122	1,729,667
Aug 14	4,287,827	3,654,795	+17.3	3,238,160	1,431,910	1,733,110
Aug 21	4,264,825	3,673,717	+16.1	3,230,750	1,436,440	1,750,056
Aug 28	4,322,195	3,639,961	+18.7	3,261,149	1,464,700	1,761,594
Sep 4	4,350,511	3,672,921	+18.4	3,132,954	1,423,977	1,674,588
Sep 11	4,229,262	3,583,408	+18.0	3,322,346	1,476,442	1,806,259
Sep. 18	4,358,512	3,756,922	+16.0	3,273,375	1,490,863	1,792,131
Sep 25	------	3,720,254		3,273,376	1,499,459	1,777,854

Steel Operations At New High—War Output In Full Stride—Plate Program Expanded

"The week brought brighter prospects that Congress might enact a bill providing for substantial post-war reserves, despite Army and Navy condemnation of allowing such reserves to come out of renegotiation or as deductions from taxes," "The Iron Age" states in its issue of today (Sept. 23), further adding: "A poll by 'The Iron Age' of the powerful House Committee on Ways and Means, as well as inquiry among business interests who appeared before the Committee, reveals that a majority of the members and business representatives think that the Government should provide reserves in lieu of a post-war WPA for industry.

"With output of war goods in full stride, changes in the program as the result of the invasion of Italy have not been noted yet, except for perhaps a strengthening of the amphibian truck program. These invasion units accounted for themselves so well in Italy that production schedules are likely to be enlarged. A good proportion of the steel required will be in sheets and plates, which will complicate further the very tight situation prevailing in those products. Some orders for sheet steel were being returned to customers this week because of a new increase in the tonnage of plates which are to come off wide strip mills during the next six months. Plate mill schedules are so high now that there is no safety factor in the event of breakdown, strike or other unforeseen developments. Tin plate production for fourth quarter and possibly the first of next year will feel the effects of the expanded plate program. This week it appears November and December schedules for tin plate have been cut 10%, indicating fourth quarter output of about 511,000 tons. First quarter production of 630,000 tons now is indicated, a decline from original estimates.

"Despite the rather plentiful supply of electric furnace alloy steel, there has been no stampede by consumers to switch to its use. The differential of $10 per ton above open-hearth alloy steel (about 62% of total alloy steel production is from open hearths) is one reason.

"The steel-expansion program seems to be moving toward its finish rather irregularly. Some of the new furnace capacity and other units will be or already are available for operation ahead of the necessary equipment for handling and processing the steel. Somewhere between 80,000 and 90,000 tons of ingots per month are believed by some experts to represent a surplus for interchange. As mentioned previously, freight costs on these ingots have been a subject of much discussion.

"WPB has announced a comprehensive program for the redistribution of huge amounts of idle or used equipment valued at $1,000,000,000. This is only the initial flashback from over-ordering in the haste to prepare for war, according to a WPB spokesman. Another announcement of importance last week was the program to coordinate component part shipping schedules with end product manufacturing, included in General Scheduling Order M-293 as amended.

"Pig iron production for August rose to 5,269,835 net tons from 4,972,334 tons the previous month, from 93.5% of capacity in July to 98.0%."

The American Iron and Steel Institute on Sept. 20 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 100.6% of capacity for the week beginning Sept. 20, or at the highest level in history. This will compare with 99.6% one week ago, 99.4% one month ago and 96.2% one year ago. The operating rate for the week beginning Sept. 20 is equivalent to 1,753,400 tons of steel ingots and castings, compared to 1,736,000 tons one week ago, 1,732,500 tons one month ago and 1,645,700 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on Sept. 20 stated in part as follows:

"Steel deliveries, particularly of sheets, have taken an added spurt.

"Most sheet sellers are now virtually booked through first quarter on hot and cold-rolled. One interest has nothing to offer on hot-rolled sheets before May, and is booked solidly into April on cold-rolled.

"Heavy volume of miscellaneous orders is the chief reason for the recent further extension of delivery promises on flat rolled products, and is not due to the switching of additional strip capacity to plate production as was the case several weeks back.

"Overall steel bookings this month are estimated to be silghtly ahead of the corresponding period in August.

"Some consumers are becoming more conservative in their buying in an effort to avoid excess inventories on all strictly military items. Developments in the various theaters of war the past few weeks have been both favorable and unfavorable but in no way have changed the war production picture.

"Plate buying has slowed up lately, although earliest delivery schedules continue extended about six months. Maritime Commission has not fully specified against its fourth quarter directive, and has still more to specify for first quarter. The delay is due in part to revisions necessary in getting the Victory ship program in full swing. A supplemental high octane gasoline expansion program will take 150,000 tons, including heads which are estimated as 10% of the total. A large chemical container program is also being considered.

"Cold-drawn steel bar producers are processing an increasing percentage of bessemer steel.

"Iron and steel scrap supplies are ample for immediate needs. In an increasing number of instances mills are more selective in accepting material. Flow of industrial scrap to mill yards is off slightly, reflecting order cutbacks and cancellations. New scrap drive gets under way Oct. 1."

MBA Studying Insured Farm Mortgage Idea

Noting the growing Congressional sentiment favoring plans to expedite acquisition of farms and homes by returning veterans as "most heartening and constructive post-war planning," the Mortgage Bankers Association of America, in an announcement on Sept. 7, said it was expanding its continuing study of insurance for farm mortgages in anticipation of the introduction of a bill by Senator Bankhead (Dem., Ala.) when Congress reconvenes. Senator Bankhead has announced he will introduce a bill calling for insurance for farm mortgages in some manner similar to that in effect for FHA city residence loans. The measure is expected to carry special privileges for servicemen but will not be limited to them.

It is noted that the idea for insurance of farm mortgages originated with the farm loan committee of the Mortgage Bankers Association early in 1941, and has been the subject of a continuing study since that time. It is not known what provisions the Bankhead masure will carry because Senator Bankhead will not prepare the bill until he returns to Washington this month. The Mortgage Bankers Association two years ago drew a preliminary bill calling for insurance of farm mortgages. According to Charles A. Mullenix, Cleveland, Association President, the organization's farm loan committee, headed by S. M. Waters of Minneapolis, will meet later this month for further study of the plan in the light of the contemplated Bankhead measure.

Finn Peace Feelers Stopped By Nazis

German protests appeared to have forced Finland to call off recent efforts to extend feelers on the chance of getting out of the war by a separate peace, according to a United Press Stockholm dispatch of Sept. 17 to the New York "World Telegram" which also said.

"It was learned reliably that the Nazis protested strongly to Finland about an official statement made available to three foreign correspondents at Helsinki last Saturday."

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 18 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 4, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 4 (in round-lot transactions) totaled 856,020 shares, which amount was 15.71% of the total transactions on the Exchange of 2,723,610 shares. This compares with member trading during the week ended Aug. 28 of 963,940 shares, or 16.49% of total trading of 2,922,750 shares. On the New York Curb Exchange, member trading during the week ended Sept. 4 amounted to 176,675 shares, or 13.05% of the total volume of that exchange of 673,000 shares; during the Aug. 28 week trading for the account of Curb members of 194,530 shares was 15.83% of total trading of 614,570 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 4, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	75,060	
‡Other sales	2,648,550	
Total sales	2,723,610	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists 'n stocks in which they are registered—		
Total purchases	250,920	
Short sales	34,000	
‡Other sales	204,900	
Total sales	238,900	8.99
2. Other transactions initiated on the floor—		
Total purchases	114,710	
Short sales	11,900	
‡Other sales	67,300	
Total sales	79,200	3.56
3. Other transactions initiated off the floor—		
Total purchases	88,580	
Short sales	11,300	
‡Other sales	72,410	
Total sales	83,710	3.16
4. Total—		
Total purchases	454,210	
Short sales	57,200	
‡Other sales	344,610	
Total sales	401,810	15.71

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED SEPT. 4, 1943

	Total for week	†Per Cent
A. Total Round-Lot Sales:		
Short sales	4,030	
‡Other sales	668,970	
Total sales	673,000	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	53,200	
Short sales	2,245	
‡Other sales	45,045	
Total sales	47,290	7.46
2. Other transactions initiated on the floor—		
Total purchases	15,000	
Short sales	800	
‡Other sales	9,350	
Total sales	10,150	1.87
3. Other transactions initiated off the floor—		
Total purchases	23,325	
Short sales	200	
‡Other sales	26,510	
Total sales	26,710	3.72
4. Total—		
Total purchases	91,525	
Short sales	3,245	
‡Other sales	80,905	
Total sales	84,150	13.05
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	33,421	
Total purchases	33,421	
Total sales	21,241	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wholesale Commodity Index Unchanged During Week Ended Sept. 11, Says Labor Department

The U. S. Department of Labor announced on Sept. 16 that commodity prices in primary markets were steady during the week ended September 11. The Bureau of Labor Statistics' comprehensive index of nearly 900 price series remained unchanged from the level of the preceding week, 102.8% of the 1926 average.

The Department's announcement added:

Farm products and foods. There was very little movement in prices for farm products and foods during the week. The index for the farm products group dropped 0.1%, while that for foods advanced 0.1%. Prices were lower for oats and wheat, for cows and sheep, and for cotton, alfalfa seed, and onions. Quotations were higher for rye, hogs, hay, and apples at Chicago. Potatoes were quoted at lower prices at Boston and Chicago, but higher at New York.

Slightly higher prices for certain fresh fruits and vegetables, for flour and for eggs in some markets were responsible for the increase in the foods group.

Industrial commodities. Except for higher prices for certain building materials, particularly gum and oak lumber and asphalt, and a rise of over 7% in newsprint paper, there were no changes in industrial commodity markets during the week.

The following notation is made:

During the period of rapid changes caused by price control, materials allocation and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show index numbers for the principal groups of commodities for the past 3 weeks, for August 14, 1943 and September 12, 1942, and the percentage changes from a week ago, a month ago, and a year ago.

(1926=100)

						Percentage changes to Sept. 11,1943 from—		
Commodity groups—	9-11 1943	9-4 1943	8-28 1943	8-14 1943	9-12 1942	9-4 1943	8-14 1943	9-12 1942
All commodities	*102.8	*102.8	*102.9	*102.7	99.2	0	+0.1	+ 3.6
Farm products	*123.2	*123.3	*124.0	*122.9	107.2	—0.1	+0.2	+14.9
Foods	104.8	104.7	105.5	105.1	101.6	+0.1	—0.3	+ 3.1
Hides and leather products	118.4	118.4	118.4	118.4	119.0	0	0	— 0.5
Textile products	97.0	97.0	97.0	96.9	96.7	0	+0.1	+ 0.3
Fuel and lighting materials	81.7	81.7	81.8	81.7	79.6	0	0	+ 2.6
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.9	0	0	— 0.1
Building materials	112.5	112.2	112.1	112.1	110.3	+0.3	+0.4	+ 2.0
Chemicals and allied products	100.2	100.2	100.2	100.2	96.2	0	0	+ 4.2
Housefurnishing goods	104.2	104.2	104.2	104.2	104.1	0	0	+ 0.1
Miscellaneous commodities	92.6	92.4	92.4	92.4	88.6	+0.2	+0.2	+ 4.5
Raw materials	*112.2	*112.3	*112.8	*112.3	101.6	—0.1	—0.1	+10.4
Semimanufactured articles	92.8	92.8	92.8	92.8	92.7	0	0	+ 0.1
Manufactured products	*100.1	*100.0	*100.0	*100.0	99.3	+0.1	+0.1	+ 0.8
All commodities other than farm products	*98.5	*98.4	*98.4	*98.4	97.5	+0.1	+0.1	+ 1.0
All commodities other than farm products and foods	*97.4	*97.3	*97.3	*97.3	95.7	+0.1	+0.1	+ 1.8

*Preliminary.

National Fertilizer Association Commodity Price Average Advances

The wholesale commodity price index, compiled by The National Fertilizer Association and made public on Sept. 20, was again higher last week as farm products and food prices continued their upward trend. In the week ended Sept. 18, this index stood at 135.8% of the 1935-1939 average. It registered 135.5 in the preceding week, 135.1 a month ago and 129.3 a year ago. The Association's report continued as follows:

The increase in the general level of the all-commodity index was due primarily to higher prices for farm products and foods. Sharp rises in quotations for grains, especially oats which reached a new 23-year peak, were responsible for the advance in the farm products group. Rising prices in eggs, potatoes, and edible tallow effected an increase in the foods index number. The slight decrease in lint cotton was not sufficient to change the textiles group. The miscellaneous commodities group has advanced to a new high for this year due to a marked increase in price quotations for paper news rolls which more than offset the slight reduction in price of cottonseed meal. All other group indexes remained at the previous week's level.

During the week 10 price series included in the index advanced and 3 declined; in the preceding week there were 6 advances and 3 declines; and in the second preceding week there were 10 advances and 4 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Sep. 18, 1943	Preceding Week Sep. 11, 1943	Month Ago Aug. 21, 1943	Year Ago Sep. 19, 1942
25.3	Foods	139.4	139.0	138.5	131.8
	Fats and Oils	146.5	146.0	145.6	140.9
	Cottonseed Oil	162.4	162.4	160.7	153.9
23.0	Farm Products	157.4	156.7	154.9	139.4
	Cotton	193.5	193.6	192.7	178.9
	Grains	152.3	148.7	146.8	116.2
	Livestock	153.2	153.1	151.2	138.4
17.3	Fuels	122.8	122.8	122.8	119.3
10.8	Miscellaneous commodities	131.4	131.0	131.0	126.7
8.2	Textiles	150.5	150.5	150.1	147.6
7.1	Metals	104.4	104.4	104.4	104.4
6.1	Building materials	152.5	152.5	152.5	151.5
1.3	Chemicals and drugs	127.7	127.7	126.6	120.7
.3	Fertilizer materials	117.7	117.7	117.7	117.9
.3	Fertilizers	119.8	119.8	119.8	115.3
.3	Farm machinery	104.1	104.1	104.1	104.1
100.0	All groups combined	135.8	135.5	135.1	129.3

*Indexes on 1926-1928 base were Sept. 18, 1943, 105.8; Sept. 11, 105.6; and Sept. 19, 1942, 107.9.

We also give below the Association's comments on the report for the preceding week (Sept. 11, 1943).

The weekly wholesale commodity price index, compiled by The National Fertilizer Association, was unchanged last week. This index, in the week ended Sept. 4, 1943, stood at 135.5% of the 1935-1939 average, the same as in the preceding week. It registered 135.0 a month ago and 129.2 a year ago.

Advancing prices in grains, livestock, and wool were sufficient to counter-balance declines in other items, and hold the commodity price index to the level of the preceding week. Italy's surrender did not have any significant effect on the commodity price level but may have been the cause of a noticeable decline in cotton. Foods and farm products edged up fractionally, with rising prices in grains, eggs, and hogs more than off-setting lower quotations for cotton and sheep. The textiles group remained at the same level with a rise in wool and a decline in cotton. This index is .5% higher than a month ago and 6.3% higher than a year ago.

Although the index remained at the same level last week, 6 price series advanced and 3 declined; in the preceding week there were 10 advances and 4 declines; and in the second preceding week there were 12 advances and 3 declines.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Sept. 18 a summary for the week ended Sept. 11 of complete figures showing the daily volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Sept. 11, 1943

	Total for Week
Odd-Lot Sales by Dealers: (Customers' purchases)	
Number of orders	12,733
Number of shares	351,296
Dollar value	13,022,816
Odd-Lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	115
*Customers' other sales	13,892
Customers' total sales	14,007
Number of Shares:	
Customers' short sales	3,800
*Customers' other sales	362,622
Customers' total sales	366,422
Dollar value	11,171,472
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	110
†Other sales	99,210
Total sales	99,320
Round-Lot Purchases by Dealers—	
Number of shares	100,130

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

No Manpower Shortage In Agriculture Says Dr. Conrad Taeuber

Dr. Conrad Taeuber of the Bureau of Agricultural Economics in addressing 191 members of the Agricultural Economic Association at St. Louis on Sept. 15, advanced the thesis that there was no manpower shortage in agriculture, and that in fact there was a large agricultural "under-employment"; this was reported by Bernhard Ostrolenk in a special dispatch to the New York "Times" from St. Louis on Sept. 15, and which also gave other remarks of Dr. Taeuber as follows:

"There are workers on farms able to work who are productively engaged for less than full time throughout the year or whose labor is so inefficiently applied that the product falls far short of any reasonable standard for agriculture," he said. "A considerable number of farm operators are not now producing the volume of agricultural commodities which represent a reasonable return for a full year's productive effort."

Lumber Movement—Week Ended September 11, 1943

According to the National Lumber Mfrs. Ass'n, lumber shipments of 463 mills reporting to the National Lumber Trade Barometer were 4.3% below production for the week ended Sept. 11, 1943. In the same week new orders of these mills were 8.3% less than production. Unfilled order files in the reporting mills amounted to 103% of stocks. For reporting softwood mills, unfilled orders are equivalent to 40 days' production at the current rate, and gross stocks are equivalent to 36 days' production.

For the year to date, shipments of reporting identical mills exceeded production by 8.6%; orders by 10.4%.

Compared to the average corresponding week of 1935-39 production of reporting mills was 15.3% greater; shipments were 19.8% greater; and orders were 17.3% greater.

Revenue Freight Car Loadings During Week Ended Sept. 11, 1943 Declined 66,404 Cars

Loading of revenue freight for the week ended Sept. 11, 1943 which included Labor Day holiday totaled 834,671 cars, the Association of American Railroads announced on Sept. 16. This was an increase above the corresponding week of 1942 of 19,774 cars, or 2.4%, but a decrease below the same week in 1941, which did not include Labor Day holiday of 79,985 cars or 8.8%.

Loading of revenue freight for the week of September 11, decreased 66,404 cars, or 7.4% below the preceding week.

Miscellaneous freight loading totaled 367,461 cars, a decrease of 31,143 cars below the preceding week, and a decrease of 11,545 cars below the corresponding week in 1942.

Loading of merchandise less than carload lot freight totaled 93,242 cars, a decrease of 8,647 cars below the preceding week,, but an increase of 13,964 cars above the corresponding week in 1942.

Coal loading amounted to 170,100 cars, a decrease of 7,112 cars below the preceding week, but an increase of 16,615 cars above the corresponding week in 1942.

Grain and grain products loading totaled 47,768 cars, a decrease of 6,509 cars below the preceding week, but an increase of 2,372 cars above the corresponding week in 1942. In the Western Districts alone, grain and grain products loading for the week of Sept. 11, totaled 34,482 cars, a decrease of 4,236 cars below the preceding week but an increase of 1,336 cars above the corresponding week in 1942.

Live stock loading amounted to 16,501 cars, a decrease of 1,095 cars below the preceding week, but an increase of 1,165 cars above the corresponding week in 1942. In the Western Districts alone, loading of live stock for the week of Sept. 11, totaled 12,451 cars, a decrease of 934 cars below the preceding week, but an increase of 856 cars above the corresponding week in 1942.

Forest products loading totaled 41,788 cars, a decrease of 5,654 cars below the preceding week and a decrease of 4,503 cars below the corresponding week in 1942.

Ore loading amounted to 83,338 cars, a decrease of 6,004 cars below the preceding week but an increase of 662 cars above the corresponding week in 1942.

Coke loading amounted to 14,473 cars, a decrease of 240 cars below the preceding week, but an increase of 1,044 cars above the corresponding week in 1942.

All districts reported increases compared with the corresponding week in 1942, except the Northwestern but all districts reported decreases compared with 1941 except the Southwestern.

	1943	1942	1941
5 weeks of January	3,530,849	3,858,479	3,454,409
4 weeks of February	3,055,640	3,122,942	2,866,565
4 weeks of March	3,073,426	3,174,781	3,066,011
4 weeks of April	3,136,253	3,350,996	2,793,630
5 weeks of May	4,149,708	4,170,548	4,160,060
4 weeks of June	3,151,146	3,385,655	3,510,057
5 weeks of July	4,307,406	4,185,135	4,295,457
4 weeks of August	3,554,446	3,487,905	3,581,350
Week of September 4	901,075	887,960	797,791
Week of September 11	834,671	814,897	914,656
Total	29,694,620	30,439,298	29,439,986

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Sept. 11, 1943. During this period 73 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 11

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1943	1942	1941	1943	1942
Eastern District—					
Ann Arbor	165	294	588	1,380	1,183
Bangor & Aroostook	884	765	983	374	166
Boston & Maine	5,756	5,349	9,182	13,806	12,707
Chicago, Indianapolis & Louisville	1,299	1,358	1,696	1,991	1,890
Central Indiana	28	23	17	50	69
Central Vermont	879	883	1,539	2,356	2,677
Delaware & Hudson	5,842	6,084	7,119	10,429	10,311
Delaware, Lackawanna & Western	6,948	6,952	9,809	12,086	9,562
Detroit & Mackinac	183	408	297	103	284
Detroit, Toledo & Ironton	1,923	1,682	2,447	1,382	1,076
Detroit & Toledo Shore Line	286	269	350	2,255	2,099
Erie	12,824	11,150	15,226	18,628	15,308
Grand Trunk Western	3,173	3,844	5,614	7,554	8,289
Lehigh & Hudson River	184	158	160	2,523	3,149
Lehigh & New England	1,652	1,896	1,875	1,790	1,917
Lehigh Valley	7,949	7,896	10,511	13,512	13,147
Maine Central	2,075	1,974	3,338	2,549	2,308
Monongahela	5,916	5,633	6,587	519	421
Montour	2,234	2,283	2,557	271	32
New York Central Lines	50,856	45,475	53,942	53,710	51,411
N. Y., N. H. & Hartford	8,695	7,986	12,566	17,689	17,721
New York, Ontario & Western	1,526	993	1,223	2,560	2,127
New York, Chicago & St. Louis	6,268	7,548	7,507	14,816	15,112
N. Y., Susquehanna & Western	500	313	548	1,966	2,305
Pittsburgh & Lake Erie	7,258	7,249	8,677	8,572	7,720
Pere Marquette	4,767	4,826	6,341	7,160	5,681
Pittsburg & Shawmut	917	653	788	15	22
Pittsburg, Shawmut & North	411	333	459	332	186
Pittsburgh & West Virginia	1,194	925	1,167	2,551	3,153
Rutland	297	325	625	1,107	805
Wabash	5,105	5,316	6,297	12,662	12,084
Wheeling & Lake Erie	6,022	4,600	5,673	4,442	4,734
Total	154,016	145,443	185,708	221,140	209,656
Allegheny District—					
Akron, Canton & Youngstown	698	701	749	1,104	1,219
Baltimore & Ohic	41,766	38,859	43,276	28,689	23,826
Bessemer & Lake Erie	6,838	6,439	6,891	2,026	2,555
Buffalo Creek & Gauley	316	263	276	3	4
Cambria & Indiana	1,695	1,773	1,895	7	10
Central R. R. of New Jersey	6,509	6,816	8,778	21,584	19,270
Cornwall	650	696	701	46	43
Cumberland & Pennsylvania	215	236	325	7	17
Ligonier Valley	142	138	118	45	48
Long Island	1,558	884	964	4,126	3,684
Penn-Reading Seashore Lines	1,887	1,868	2,313	2,822	2,655
Pennsylvania System	81,657	77,425	93,615	63,927	62,144
Reading Co.	14,560	13,129	18,057	26,587	26,790
Union (Pittsburgh)	21,182	20,346	19,322	7,443	7,065
Western Maryland	4,219	3,813	4,611	11,778	12,455
Total	183,892	173,386	201,891	170,194	161,785
Pocahontas District—					
Chesapeake & Ohio	28,688	26,765	30,792	13,858	11,811
Norfolk & Western	22,057	22,058	25,099	6,366	6,456
Virginian	4,825	4,546	4,831	2,193	2,034
Total	55,570	53,369	60,722	22,417	20,301
Southern District—					
Alabama, Tennessee & Northern	279	339	411	384	411
Atl. & W. P.—W. R. R. of Ala.	651	776	968	2,308	3,045
Atlanta, Birmingham & Coast	690	640	880	1,108	1,185
Atlantic Coast Line	11,045	10,384	11,028	9,672	9,459
Central of Georgia	3,639	3,579	4,565	4,220	3,879
Charleston & Western Carolina	332	330	439	1,382	1,312
Clinchfield	1,583	1,688	1,841	2,431	2,463
Columbus & Greenville	355	472	376	166	198
Durham & Southern	79	88	217	462	699
Florida East Coast	1,187	884	454	1,383	1,497
Gainesville Midland	43	29	52	109	80
Georgia	1,018	1,384	1,226	3,104	2,562
Georgia & Florida	358	349	361	560	591
Gulf, Mobile & Ohio	3,992	4,035	4,483	4,311	4,562
Illinois Central System	27,449	26,892	28,567	17,272	18,870
Louisville & Nashville	24,652	23,914	26,849	11,366	11,313
Macon, Dublin & Savannah	182	171	179	612	590
Mississippi Central	279	313	227	496	874
Nashville, Chattanooga & St. L.	3,111	3,716	3,570	4,729	4,788
Norfolk Southern	1,054	1,167	1,471	1,324	2,219
Piedmont Northern	324	308	516	1,171	1,106
Richmond, Fred. & Potomac	587	358	449	9,861	8,061
Seaboard Air Line	8,812	9,349	9,950	7,830	7,192
Southern System	22,135	21,354	25,052	22,784	22,615
Tennessee Central	1,145	510	563	1,064	898
Winston-Salem Southbound	110	90	154	994	992
Total	115,091	113,119	124,848	111,103	111,461
Northwestern District—					
Chicago & North Western	19,884	18,884	23,628	14,204	13,648
Chicago Great Western	2,376	2,276	3,286	2,860	3,278
Chicago, Milw., St. P. & Pac.	19,326	18,792	24,431	9,017	8,551
Chicago, St. Paul, Minn. & Omaha	4,125	3,781	4,330	3,949	4,142
Duluth, Missabe & Iron Range	29,221	30,663	23,718	291	509
Duluth, South Shore & Atlantic	1,268	803	1,296	615	1,299
Elgin, Joliet & Eastern	8,436	9,456	10,606	11,207	9,923
Ft. Dodge, Des Moines & South	377	443	790	73	109
Great Northern	24,292	29,711	26,905	5,968	5,715
Green Bay & Western	470	416	636	948	865
Lake Superior & Ishpeming	1,784	2,159	2,244	60	49
Minneapolis & St. Louis	2,180	1,861	2,134	1,955	1,977
Minn., St. Paul & S. S. M.	7,407	7,629	8,346	2,763	3,119
Spokane International	11,529	12,017	12,274	5,740	5,312
Northern Pacific	218	312	182	563	657
Spokane, Portland & Seattle	2,280	2,464	2,841	3,092	3,129
Total	135,673	141,542	147,647	63,305	62,282
Central Western District—					
Atch., Top. & Santa Fe System	21,784	20,741	22,736	12,871	12,608
Alton	3,093	2,889	3,576	3,889	4,364
Bingham & Garfield	492	560	657	105	113
Chicago, Burlington & Quincy	18,399	18,331	18,991	12,201	11,406
Chicago & Illinois Midland	2,930	2,702	2,951	690	936
Chicago, Rock Island & Pacific	11,349	11,641	14,180	10,890	11,494
Chicago & Eastern Illinois	2,192	2,569	2,906	6,109	4,319
Colorado & Southern	804	844	883	2,171	1,915
Denver & Rio Grande Western	4,110	3,925	4,502	6,945	6,148
Denver & Salt Lake	749	782	1,010	16	20
Fort Worth & Denver City	1,618	1,205	1,006	2,209	1,433
Illinois Terminal	1,580	1,914	1,996	1,955	2,377
Missouri-Illinois	1,231	1,316	1,196	433	380
Nevada Northern	2,148	2,197	1,910	150	90
North Western Pacific	942	1,185	1,205	715	660
Peoria & Pekin Union	17	6	9	0	0
Southern Pacific (Pacific)	29,578	31,122	31,337	13,397	10,776
Toledo, Peoria & Western	293	261	372	2,019	1,547
Union Pacific System	16,052	14,946	18,623	17,567	14,803
Utah	541	488	535	7	4
Western Pacific	2,035	2,223	2,628	4,059	3,990
Total	121,937	121,847	133,209	98,398	89,383
Southwestern District—					
Burlington-Rock Island	447	697	159	261	162
Gulf Coast Lines	5,537	4,305	3,109	2,884	2,531
International-Great Northern	2,455	2,655	2,191	3,500	2,614
Kansas, Oklahoma & Gulf	248	324	214	1,078	1,138
Kansas City Southern	5,468	4,714	2,640	2,483	2,926
Louisiana & Arkansas	3,175	3,822	2,623	2,665	2,411
Litchfield & Madison	281	255	361	1,709	1,148
Midland Valley	713	636	955	337	209
Missouri & Arkansas	180	150	167	376	403
Missouri-Kansas-Texas Lines	5,962	4,622	4,646	5,501	5,090
Missouri Pacific	16,025	16,220	18,107	18,816	20,037
Quanah Acme & Pacific	104	67	130	286	312
St. Louis-San Francisco	7,617	8,346	9,561	9,571	8,035
St. Louis Southwestern	2,692	2,767	3,072	6,523	5,802
Texas & New Orleans	12,578	12,520	8,370	5,362	4,684
Texas & Pacific	4,900	3,982	4,190	6,504	8,005
Wichita Falls & Southern	93	90	114	40	46
Weatherford M. W. & N. W.	17	19	22	18	76
Total	68,492	66,191	60,631	67,914	65,629

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1943—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
July 3	179,835	144,232	580,683	92	93
July 10	111,912	100,115	573,342	69	93
July 17	151,993	140,803	587,181	91	93
July 24	136,881	148,852	572,786	97	93
July 31	153,646	150,337	571,705	97	93
Aug. 7	177,541	146,515	600,338	94	93
Aug. 14	143,629	154,747	586,901	98	93
Aug. 21	133,446	150,012	568,361	95	93
Ang. 28	148,381	147,494	570,859	96	93
Sept. 4	177,766	150,943	598,255	97	93
Sept. 11	121,125	126,427	589,323	83	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Labor Responsible For High Food Prices, Says Head Of Nat'l Grange

Albert S. Goss, master of the National Grange, said on Sept. 16 in a speech prepared for delivery before the National Association of Food Chains, that labor must bear the chief responsibility for the price rise in food and that it did not make sense to place the whole blame on farmers and the food industry, according to an Associated Press dispatch from Chicago, under date of Sept. 16, which added:

"Since the outbreak of hostilities in Europe, the labor cost per unit of industrial production has increased 64.5%. Food prices have increased 36% and the cost of living has increased 25%.

"It doesn't make sense to place the whole blame on farmers and the food industry."

Referring to the English policy of Government subsidy to hold down food prices, Mr. Goss said:

"Only 7% of England's population is engaged in farming. She normally imports most of her food as she is primarily an industrial nation. She can well afford to tax the 93% to subsidize the 7%."

Under what he termed "our cockeyed ceiling-subsidy program," Mr. Goss said the Government is operating contrary to the laws of economics. "We are discouraging production and encouraging consumption."

Cuban Post-War Group

Appointment by the Government of Cuba of a National Committee on Post-War Problems has been announced by the Pan American Union at Washington. Cuba, it is stated, thus becomes one of the first Latin American Governments to take official action looking toward the blue-printing of the world of tomorrow. The advices from the Pan American Union state:

"By creating a National Committee for the study of post-war problems, the Cuban Government complies with a resolution adopted by the Third Meeting of Ministers of Foreign Affairs of the American Republics at Rio de Janeiro, in which it was suggested that the American nations undertake studies on the economic, political, juridical and social security problems of the post-war period. These projects and plans are to be sent to the Pan American Union for consideration on a larger scale.

"The Cuban Committee, under the chairmanship of Premier Ramon Zaydin, is divided into six techinal sections that are to study juridical, political, social, sconomic, financial and public health questions. These sub-committees of specialists are headed by such prominent men in Cuban public life as Dr. Antonio S. de Bustamante, world-known internationalist; Dr. Cosme de la Torriente, one time President of the IV Assembly of the League of Nations and ex-ambassador to Washington; Dr. Jose Manuel Cortina, President of the Cuban delegation to the Inter-American Conference for the Maintenance of Peace at Buenos Aires, and ex-President of the Senate Committee on Foreign Relations; Dr. Gustavo Gutierrez, one-time Chairman of the House of Representatives; Dr. Fernando Ortiz, well known jurist and sociologist, and Dr. Jose Bisbe, prominent physician and Professor of the Havana University's Medical School.

"In a speech in which he inaugurated the activities of the new committee, Dr. Emeterio Santovenia, Minister of Foreign Affairs, pointed out that 'prudent and intelligent inter-American politics may be the starting point for the reconstruction of the world at a time which can be truly called the Age of the Americas.'"

Items About Banks, Trust Companies

Guaranty Trust Co. of New York announces the appointment of Howard C. Judd as an Assistant Trust Officer.

Arthur S. Kleeman, President of the Colonial Trust Co. of New York announces the appointment of Arnold J. Colombo as Assistant Secretary and Assistant Treasurer. Mr. Colombo is at the 79 Madison Ave. office.

Federation Bank & Trust Co. of New York announces the recent election to its Board of Directors of William P. McDonald, President of William P. McDonald, Inc., General Contractors. Mr. McDonald is also President of the General Contractors Association.

James T. Lee, President of the Central Savings Bank in the City of New York, has announced the following promotions:

John W. Davis has been promoted to be Manager of the Safe Deposit Department. In 1927, Mr. Davis was appointed Director of School Savings in this bank and organized the department, which serviced 19 schools. Prior to that time he was with the American Savings Bank of New York.

John E. Armitage and Arthur J. Edison were named Assistant Managers of the Depositors Department of the bank. Both Mr. Armitage and Mr. Edison were first employed by the bank as Junior Clerks, Mr. Armitage in 1921 and Mr. Edison in 1925. They worked in various departments of the bank and received A. I. B. training in preparation for their new positions.

Persons having claims against the closed Integrity Trust Co., Philadelphia, either as a depositor or a creditor must file them before Nov. 10 or be barred from sharing in any distribution of the assets, according to a notice by William C. Freeman, Pennsylvania Banking Secretary and receiver of the trust company. When the business and property of the Integrity Trust were taken over in January, 1940, it is stated in the notice, there were no depositors, according to the records of the company, but that in the event that there are any claims they must be presented for settlement before the date indicated above.

The election of Robert D. Ferguson as Vice-President of the Peoples-Pittsburgh Trust Co. is announced by L. H. Gethoefer, Chairman of the Board of Directors of the company. Mr. Ferguson, a member of the law firm of Patterson, Crawford, Arensberg & Dunn, will be in charge of trusts. He was formerly connected with the institution for about a year in 1938 doing special trust work.

Sidney B. Congdon, President of the National City Bank of Cleveland, announces the promotion of several of the bank's officers, according to the Cleveland "Plain Dealer" of Sept. 14, which states that rising from Assistant Vice-President to Vice-President were R. B. Blyth, L. B. Devine, Fred A. Hart, E. C. Stumm and L. C. Williams and John A. Fangboner, who formerly was an Assistant Cashier. Advanced from Assistant Cashier to Assistant Vice-President were W. H. Freytag, J. W. McHaffie, H. D. Moore and R. O. Wendling. Newly elected officers include F. J. Barnum, H. W. Gildenmeister, C. E. Kitzerow and P. M. Minter, Assistant Cashiers.

George W. Blauvelt and William A. Hobbs, trust investment officers.

Oscar L. Cox, President of the Union Bank of Commerce, Cleveland, has advised stockholders that the Board is proceeding with its study of the proposal to consolidate with the National City Bank of Cleveland but that, while the work has progressed well, delays have been encountered in developing certain tax features, "as to which," says Mr. Cox, "it was believed advisable to secure an advisory opinion from the Internal Revenue Department under procedures established for that purpose." His letter to the stockholders Sept. 14 also said:

"In view of the importance of the basic decision involved, no conclusion should be reached or attempted until this work can be completed and the fully developed alternatives can be weighed under the normal business procedures for reaching a decision in such matters."

Mr. Cox further revealed that C. W. Banta is no longer Executive Vice-President of the bank, following action by the Board. Harry F. Burmester and Harry E. Hills, who have been Vice-Presidents of the bank since its organization, have each been elected a Senior Vice-President.

Admission of the Hamler State Bank of Hamler, Ohio, and the Farmers Bank of Sunbury, Ohio, to the Federal Reserve System was announced on Sept. 11 by Matthew J. Fleming, President of the Federal Reserve Bank of Cleveland. Member banks in the Fourth Federal Reserve District now total 702.

The Hamler State Bank, which was capitalized in 1921 at $30,000, has seen its deposits rise from $352,000 five years ago to $823,000 today.

The Farmers Bank, founded in 1872 as a private bank and never reorganized, was incorporated Dec. 12, 1933, with a capital of $35,000. Its deposits have increased from $544,000 in 1938 to about $950,000.

Bruce Barton To Aid Third War Fund Drive

Bruce Barton, well-known publicist and member of the firm of Batten, Barton, Durstine & Osborne, will serve as Chairman of the Business Editors Liaison Division of the Committee on Public Information of the New York Committee of the National War Fund, it was announced Sept. 8 by Arthur W. Page, Vice-President of the American Telephone and Telegraph Co., Committee Chairman. Mr. Page announced also that Miss Dorothy Shaver, Vice-President of Lord & Taylor, has accepted the Vice-Chairmanship of the Public Information Committee, and the following have accepted the chairmanship of the respective bureaus: Mrs. Henry Breckinridge, space solicitation; Harold A. Lafount, radio; and Victor S. Schwab, direct mail.

New York's five boroughs will be called upon to raise almost $17,000,000 for support of the USO and 16 other major war-related organizations serving our own armed forces and the civilian relief of the United Nations. The local goal includes the budget of the New York City Defense Recreation Committee presently serving upwards of a million service men a month.

The campaign will start about Oct. 1 and continue until Dec. 7, second anniversary of Pearl Harbor.

Simultaneously, the membership of the Public Information Committee was announced as follows: P. F. Carl, Jr., N. Y. Telephone Co.; Thomas W. Hughes, Fifth Ave. Association; William Mapel, Publishers Association of N. Y.; James A. McCarthy, Hotel Association; W. A. Wentworth, Borden Co.; J. E. McCarthy, President Fifth Ave. Coach Co.; Frederick T. Wood, Fifth Ave. Coach Co.; E. M. Scholz, President World Wide Advertising Co.; James E. Sauter, United Theatrical War Activities Committee; Dr. John E. Wade, Superintendent of Schools; Miss Regina C. M. Burke, Associate Superintendent of Schools; John Swinney, Uptown Retail Guild; Henry G. Fargel, Broadway Association; Benjamin Botwinick, President Taxicab Bureau, Inc.; James Werblow, President Advertising Club; Robert K. Christenberry, President Broadway Associates Inc.; G. S. Eyssell, Director Radio City Music Hall; J. J. Clark, Liggett's Drug Stores; Clarence L. Law, Vice-President Consolidated Edison Co.; Dr. Paul Nystrom, President Sales Executive Club of N. Y. Inc.; Edward J. Doyle, President 42nd Street Property Owners and Merchants Association; and Theodore Nathan, Blackstone Advertising, Inc.

British Air Transport Committee Protests American Plans For Post War Airlines

A statement made by the Joint Air Transport Committee of the British Air Transport, takes exception to the United States air lines post-war plans and expresses fear that they are intended for immediate post-war application and that if this was so "there is not a single one of the European countries among the United Nations which will not for some little time after the war be in a gravely embarrassed position to join in free and open competition" with the United States. We give below the complete text of the Joint Air Transport Committee's statement:

Arising from the recent conference of United States airlines in Washington, two statements of policy have now been issued. The representatives of fifteen airline companies urge that there should be free and open competition on the international air routes, whilst three companies assert the need for a single combine.

The Joint Air Transport Committee is only interested in, and would only express itself upon, these developments in so far as they touch upon the British problem.

The majority statement enunciates Five Principles, of which the first reads: "Free and open competition—world-wide — subject to reasonable regulation by appropriate Governmental agencies." The reports received did not specify at what date these proposals should become operative, though it is to be feared that they are intended for immediate post-war application. If this assumption is correct, the Committee suggests that such a proposal might well have further consideration. Because of sacrifices made in the common cause, there is not a single one of the European countries among the United Nations which will not for some little time after the war be in a gravely embarrassed position to join in "free and open competition" with the United States. After a period of years this healthy competition may well be possible and desirable, but until then it is suggested that it would be wiser to adopt the Joint Committee's proposal for regulated competition, with each State having its fair allotted quantum, and the United States and the British Empire having parity in terms of a mutually acceptable yardstick.

The question of freedom of transit in peaceful flight—world-wide—should, it is felt, be determined on its merits. That issue is likely to be obscured by the introduction by the fifteen airlines of the contentious question of the future availability to United State flag carriers of air fields which, through geographical fortuity, the United States have considered it wise to construct, during the war, on Allied territory. It is to be hoped that the American air lines will give further consideration to this particular point.

Reports of the minority statement issued by Pan-American Airways, United Airlines and American Export Air Lines speak of the fear that the "global airlines after the war will be crowded with Government-dominated and Government-owned companies of other countries, notably the British Empire, thus making it difficult for the highly competitive United States airlines to operate profitably. They believe it would be in the United States interests if America had one strong system operating in the entire field, or at least in specific zones, rather than have a number of American companies competing with each other and with strongly subsidised British, Dutch, French and Swedish lines."

In the light of these fears the Joint Committee, which is broadly representative of British trade and industry (but excluding aircraft manufacturers and airline operators) and has no interest in these questions other than the development on a sound basis of strong, economical and efficient British air transport services, feels obliged to record that there has recently been a number of wholly independent pronouncements by important British organizations against the policy of national monopoly in international air transport. Further, on 28th July the Government assured the House of Commons that it had given to the United States Government no indication, formal or informal, that monopoly was to be the basis of British policy.

In these circumstances it would create a most vicious circle if each nation were to propound a policy of monopoly on the erroneous assumption that that was, or would be, the policy of other countries.

It becomes increasingly manifest that it is a matter of urgency for the Government to proceed on the basis of the Joint Committee's statement published on 24th May wherein it was urged that a unified British Empire policy should be adopted without delay, with subsequent early discussion with the United States of America and our other Allies. Since that date, over two months ago, no satisfactory evidence has been forthcoming that these negotiations are urgently in hand. The two statements by the American airlines show yet again the grave danger of the British Empire continuing to have no recognized policy.

Canada Freezes Men In High Priority Work

Canada's Labor Minister Mitchell announced in Ottawa on Sept. 20, new control measures to keep employees of high-priority industries at their present jobs, according to a Canadian Press dispatch from Ottawa on the same day which had the following regarding the new order:

The latest man-power regulations, which practically amounted to "freezing" male workers in "A" and "B" priority industries, require that men in these categories now may not be released by their employers and may not give notice of separation to their employers without first obtaining the written permission of a selective service officer.

The order is effective today. The Minister's announcement said the two top priorities include, "all war industries and essential civilian services, including the delivery of fuel in cities, food processing and meat packing plants and many other services."

The publication of newspapers and the dissemination of news are also included in the priorities which come under the order.

No estimate was available of the number of workers who come under the Government's latest man-power action, but officials said the effect would be "very widespread." It is understood a further announcement will be made giving more details of the types of employment which fall within the provisions of the order.

The Labor Department said instructions being issued to selective service officers will permit the issuance of the necessary permit to change employment "in cases where obvious hardship or unfairness would result from refusal to grant a permit."

Explaining the action, Mr. Mitchell said: "Many thousands of firms fall within categories "A" and "B." While every effort will be made to avoid imposing hardship on any individuals, the need of preventing avoidable labor turnover in industries highly important to the war effort is greater than ever, and the new rules are expected to give substantial assistance in that direction."

Turkey Defends Her Position As Neutral

The Turkish newspaper "Aksam" answered the Russian magazine "War and the Working Classes," which said that if Turkey would enter the war the inevitable catastrophe in Germany would be accelerated, according to Associated Press advices from Ankara on Sept. 15, and which also added:

"It is easy to say that Turkey's neutrality is to the advantage of Germany," "Aksam" retorted, "and to want to push Turkey into the war, but difficult to perceive who would be favored if we left our neutrality and, even more, where and how Turkey would enter the war and against whom she would direct her invasion. Soviet Russia had to enter the war in self-defense. Turkey's loyal policy during the hard war has been a most solid wall of security for Russia."

"Aksam" recalled that when Sukru Saracoglu, then Foreign Minister, went to Moscow to negotiate a mutual-aid pact with Russia in 1939, "he found himself in the presence of the German Minister, went to Moscow to nereturned with empty hands."

It took the position that if the pact with Turkey, allied to France and England, had been signed by Russia it would have prevented the war.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Sept. 20 that the tenders for $1,000,000,000, or thereabouts, of 91-day Treasury bills to be dated Sept. 23 and to mature Dec. 23, 1943, which were offered on Sept. 17, were opened at the Federal Reserve banks on Sept. 20.

The details of this issue are as follows:

Total applied for, $1,498,766,000.

Total accepted, $1,005,381,000 (includes $77,181,000 entered on a fixed-price basis at 99.905 and accepted in full).

Range of accepted bids:

High, 99.924 Equivalent rate of discount approximately 0.301% per annum.

Low, 99.905 Equivalent rate of discount approximately 0.376% per annum.

Average price, 99.906 Equivalent rate of discount approximately 0.374% per annum.

(65% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Sept. 23 in amount of $1,006,051,000.